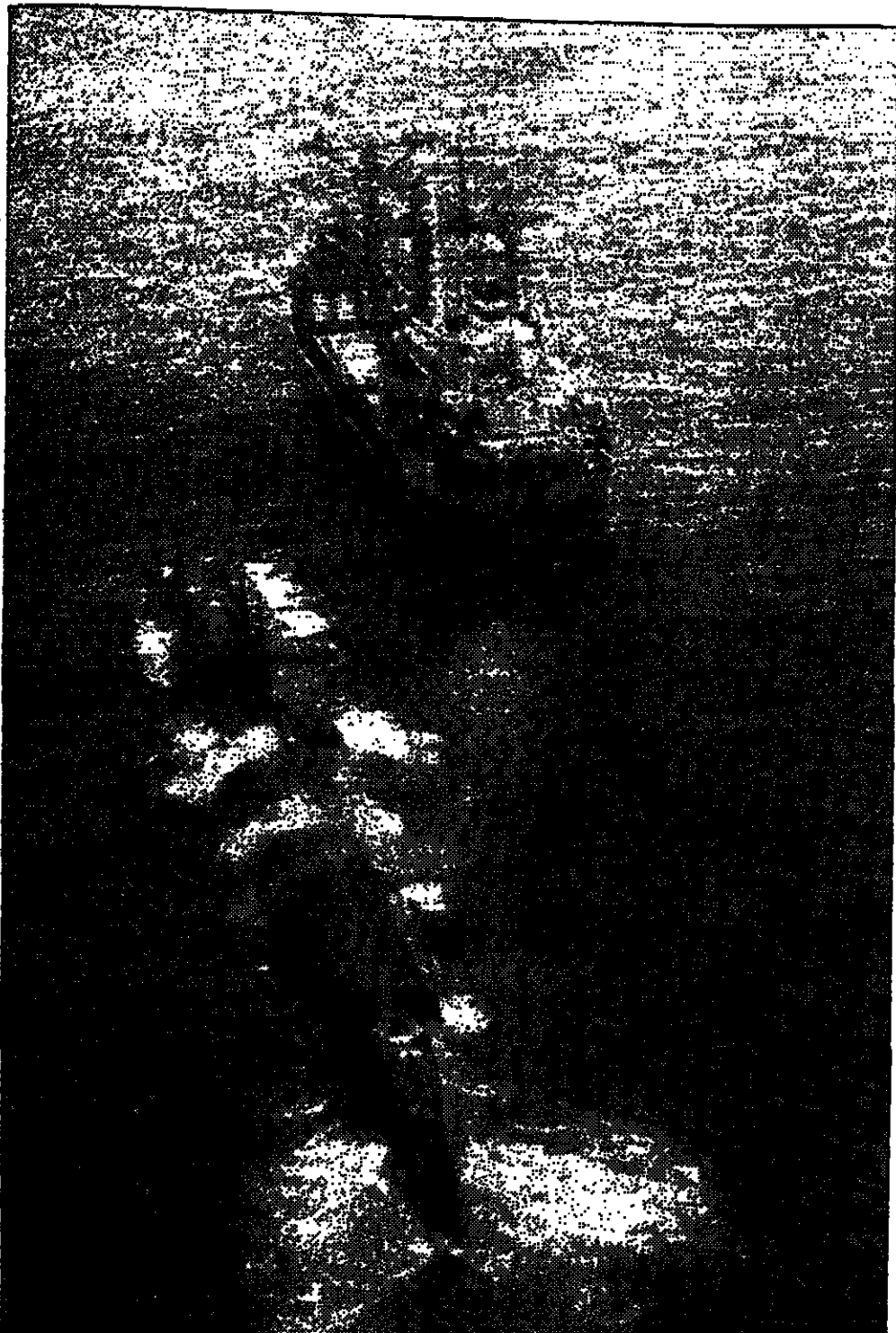


Algeria	6.00	Dr. Alger	115	France	100	Rate
Austria	22.5	Sw. Franc	13.5	Germany	100	Rate
Belgium	0.80	Bel. Franc	200	Italy	100	Rate
Canada	0.60	Can. Dollar	1.00	Japan	100	Rate
Czechoslovakia	160	Czech Koruna	100	Netherlands	100	Rate
Denmark	6.50	Den. Krone	100	Portugal	200	Rate
East Germany	1.00	Mark	1.00	Spain	166	Rate
Finland	5.50	Fin. Markka	100	Sweden	100	Rate
France	100	Fr. Franc	100	Switzerland	100	Rate
Great Britain	1.00	£ Sterling	1.00	Taiwan	100	Rate
Greece	160	Dr. Greece	100	U.S.A.	100	Rate
				West Germany	100	Rate



A disabled Soviet submarine being towed home Monday by another Soviet vessel off Norway.

Soviet Nuclear Mishap

Damage Is Found After Submarine Accident at Sea

By Michael Dobbs
Washington Post Service

MOSCOW — An accident involving a nuclear reactor damaged a Soviet nuclear-powered submarine off northern Norway but there was no danger to the ecology, Defense Minister Dmitri T. Yazov said Monday.

The accident is likely to add to a controversy that has erupted about safety standards in the world's largest submarine fleet. It is the third major Soviet maritime accident, and the second involving a nuclear-powered submarine, off the coast of Norway in less than three months.

The commander of the Echo-2 class submarine, Vladimir Chernavin, told Soviet television that his ship had been carrying nuclear weapons. But he insisted that "they were in a safe state" and had not been affected by the accident.

The Norwegian government criticized Moscow on Monday for failing to report the incidents until after they had already been discovered by the Norwegian coast guard. Defense Minister Johan Joergen Holst accused the Soviet Union of failing to live up to its international obligations.

"The radiation situation is normal, people are safe," Mr. Yazov told the government newspaper Izvestia, adding that two Soviet auxiliary vessels were pumping water into the submarine to cool the damaged reactor.

Mr. Yazov said that the reactor had been closed down and that the submarine was heading back to its home base at Severomorsk, on the

See MISHAP, Page 2



Margaret Thatcher making a point at the EC meeting in Madrid.

Leaders Remain Divided on EC Monetary Union

Limited Move by Thatcher Does Little to Bridge Gap

By Reginald Dale
International Herald Tribune

MADRID — Leaders of the 12 European Community countries remained sharply divided over plans for closer monetary union on the first day of their summit meeting here, despite a conciliatory approach by Prime Minister Margaret Thatcher of Britain.

The principal opponent of closer monetary integration, Mrs. Thatcher's strengthened commitment to linking the British pound with other currencies in the jointly floating European exchange rate mechanism, and her acceptance of the first of three planned steps to monetary union did little to bridge the deep political gulf dividing her from most of the other major countries, led by France and West Germany.

European officials said that the Netherlands, Denmark and Luxembourg shared Britain's reservations over stages two and three of a plan for monetary union, first proposed in April by a 17-member committee headed by the president of the European Commission, Jacques Delors.

Stages two and three would involve ever-closer coordination of economic and monetary policies, leading ultimately to a common central banking system and a common currency.

France, Italy and Belgium were the strongest advocates of a decision to go ahead with the plan as it stood and to call an early intergovernmental conference to negotiate the new treaty, the officials said.

West Germany wanted an intergovernmental conference, but thought there could be changes to the second and third stages proposed by the Delors committee. Greece, Portugal and Ireland would subscribe to any agreement reached in Madrid, provided it reaffirmed the principle that richer member countries should provide financial help to the poorer ones, the officials said.

British officials said they were optimistic a compromise acceptable to all EC members could be reached by the end of the meeting Tuesday.

But President Francois Mitterrand of France launched a fierce attack on Mrs. Thatcher for endorsing the discussions in "fog" by allegedly going back on previous commitments to EC integration.

Both he and Chancellor Helmut Kohl of West Germany called for negotiations to start soon on a new treaty that would transfer more national sovereignty to central EC institutions, and insisted that embarking on the first step toward monetary union must imply a commitment to continue all the way.

Both proposals were rejected by Mrs. Thatcher, who told the other leaders that Britain's Parliament would never accept the loss of sovereignty such moves would imply.

British officials said they suspected this was true of some other EC parliaments as well.

Felipe Gonzalez, the Spanish prime minister and chairman of the meeting, took charge of efforts to negotiate an agreed final statement and was adopting a neutral position to broker such an accord.

Mr. Gonzalez asked the other EC leaders if they could accept a four-point agreement that would reaffirm the objectives of economic and monetary union; accept the Delors report as the basis for a phased move to union; start the first phase on July 1, 1990, the date on which most capital movements in the community are to be liberalized.

Mrs. Thatcher said she could accept a new commitment to monetary union, but not the idea that a start on stage one of the plan implied a commitment to the two later stages. She said she could agree to start phase one on July 1, 1990, the date on which most capital movements in the community are to be liberalized.

Mrs. Thatcher also said that "the conditions would clearly exist" for the pound to join the EC's nine-nation exchange rate mechanism, or ERM, once British inflation had been "brought down significantly," and once it was clear that the ERM had survived the liberalization of capital movements and the EC's single internal market had been completed.

In particular, she said, there should be full implementation of a free market for financial services and a stronger EC competition policy.

British officials insisted that this was an extraordinarily "positive" approach representing Mrs. Thatcher's firmest commitment yet

See EC, Page 13

Rose Bet On Reds, Report Says

The Associated Press

NEW YORK — A 225-page report that concludes there is evidence that Pete Rose bet on Cincinnati Reds baseball games over a three-year span beginning in 1985 was released Monday.

The report, by a lawyer who headed Major League Baseball's investigation of Mr. Rose, John M. Dowd, was made public by Hamilton County Common Pleas Judge Norbert A. Nadel under an order from the Ohio Supreme Court.

The report said that between May and July 1987, Mr. Rose, the Cincinnati manager, bet "between \$2,000 per game on baseball, including Reds games." He could be banned from the game for life if he bet on the Reds, and the report said there was much evidence that he did.

"The accumulated testimony of witnesses, together with documentary evidence and telephone records, reveal extensive betting activity by Pete Rose with professional baseball and, in particular, Cincinnati Reds games, during the 1985, 1986 and 1987 seasons," the report said.

Louis L. Hoyes Jr., a lawyer for Major League Baseball, said people could "draw their own conclusions" from their report. "I always thought the public should see it," he said.

Robert G. Stachler, a lawyer for Mr. Rose, said he was not bothered that the report was public. He declined to comment further.

Related articles, Page 15

Executions Upheld in U.S. for 16-Year-Old Killers

By Al Kamen
Washington Post Service

WASHINGTON — A sharply divided Supreme Court ruled Monday to uphold the constitutionality of executing killers who were 16 or 17 years old at the time they committed murders.

The court ruled, 5 to 4, that the Eighth Amendment's ban on "cruel and unusual punishments" did not bar states from imposing the death penalty in such cases.

In a separate ruling, the court, again by a 5-to-4 vote, said that the

mentally retarded could be executed provided that judges or juries considered their condition before imposing a death sentence.

While the court's decisions affected no more than a handful of the 2,200 inmates on death row, the rulings ended years of litigation over imposition of the death penalty on broad categories of people such as the insane, retarded or young.

[Opponents of the death penalty were sharply critical of the rulings on Monday, United Press International reported from Washington.]

[One of them, Henry Schwarzschild, the head of the American Civil Liberties Union anti-capital punishment project, said, "The notion that the Constitution permits, in effect, the hanging of children is barbaric and medieval."]

Justice Antonin Scalia, writing for the court in two cases involving teen-age killers, rejected arguments that youths who were 16 or 17 at the time they committed murder could never be executed.

The ban on cruel and inhuman

punishment could be judged in terms of society's "evolving standards of decency," Justice Scalia said, but he added that such judgments should be based on the views of "modern American society as a whole."

Thirty-seven of the 50 states have death penalty laws. Justice Scalia noted that 27 of them do not allow those under 18 to be executed, but he said:

"This does not establish the degree of national consensus this court has previously thought suffi-

cient to label a particular punishment cruel and unusual."

He was joined by Chief Justice William H. Rehnquist and Justices Byron R. White and Anthony M. Kennedy. Justice Sandra Day O'Connor, who cast the pivotal vote last term striking down a death penalty law in the case of a 15-year-old killer, concurred.

She said that the "day may come when there is such general legislative rejection" of capital punishment

See COURT, Page 2

U.K. Health System Awaiting the Cure

By Craig R. Whitney
New York Times Service

LONDON — That the state-run National Health Service was in trouble was generally acknowledged, both by those who support the ideal of providing free health care for all, rich and poor, and by those who think that private care paid for by universal health insurance would do a better job.

That the government of Prime Minister Margaret Thatcher would propose remedies that left supporters and reformers dissatisfied was a surprise, but that is what it has managed to do since it announced its plans in January.

In a system that will cost \$41.6 billion to run this year, more than the British military budget, but will still leave about 700,000

people on waiting lists of a year and longer for elective surgery, something obviously needed to be done.

Mrs. Thatcher's proposed solutions, produced after a year of review under her supervision, aroused public anxiety that she was out to destroy the system rather than save it, and her ratings in the public opinion polls have been sinking ever since.

Concern about the Health Service was one of the reasons for the setbacks to Mrs. Thatcher's Conservatives in the June 15 elections for the European Parliament, her aides concede. The proposals are to be taken up by Parliament in the autumn, and the government is expected to impose the plan over the objections of doctors and others.

Many people, even among her own Con-

servative Party ranks, are afraid that somehow the government wants to make over the Health Service along American lines. In the British public mind, this means smarting doctors turning indigent patients untreated onto the streets, personal bankruptcy for the uninsured middle-class patient, and superb care depending on ability to pay. No one has heard of Blue Cross, charitable in-patient admissions, or municipal hospitals.

In fact, the government wants to emulate little in the American experience, which has done nothing to keep medical costs from soaring faster than they have in Britain, to more than 11.2 percent of the U.S. gross

See NHS, Page 2

Beijing Delays Start of Peace Corps Program

By Daniel Southerland
Washington Post Service

BEIJING — In a move that could indicate a further worsening of relations with the United States, China has notified U.S. officials that it wants to postpone a U.S. Peace Corps program that was supposed to begin this fall.

The program was agreed to April 5 after nearly two years of negotiations. It would have provided initially about 20 American volunteers to teach English in Sichuan Province in southwest China.

When agreement on the program was reached, U.S. officials said they viewed it as a significant breakthrough for the U.S.-China relationship. The volunteers were supposed to arrive in August.

But Washington has reduced its contacts with China as a result of Beijing's crackdown on the student-led democracy movement.

The Chinese decision to postpone the opening of the Peace Corps program appeared to be retaliation by the Chinese to the measures taken by the United States.

A U.S. Embassy official said

Monday that the United States was "disappointed" over the Chinese decision on the Peace Corps.

Meanwhile, former President Li Xiangjun criticized "some Western powers" on Monday for attempting "to impose political and economic pressures" on China.

Mr. Li, 81, told a delegation from the Pakistani Senate that what the Western nations have done is "extremely unwise and will come to no avail."

■ Call for Equality
China's new Communist Party

leader called Monday for wage equality between workers and intellectuals, and he lashed out at corruption, Reuters reported from Beijing.

The calls came in an article by Jiang Zemin, 62, who was named Saturday to succeed Zhao Ziyang as party general secretary. The article was published in the Communist Party's major theoretical magazine, Seeking Truth.

"We must take the establishment of an honest and clean government absolutely seriously," said Mr. Jiang, a Soviet-trained technocrat.



STEP AHEAD — Stefan Edberg, the defending Wimbledon champion, won easily Monday. Ivan Lendl struggled. Page 15.

Historians Angered by Scrolls Delay

By John Noble Wilford
New York Times Service

NEW YORK — Accusing custodians of the Dead Sea Scrolls of obstructing research, historians and biblical scholars are demanding access to the remaining unpublished materials that they say probably hold insights into the history of Judaism and the origins of Christianity.

The demands are accompanied by unusually sharp accusations of ineptitude and procrastination against the few scholars who have controlled analysis and publication of the ancient Hebrew documents since the first ones were discovered in a cave in 1947.

Many of the documents, mainly biblical texts and a collection of laws, stories and poetry, were published soon after the discovery, but even more — about 400 texts — have yet to be released.

"The team of editors has now become more an obstacle to publication than a source of information," the Biblical Archaeology Review asserted in an article being published this week.

The editor of the magazine, Hershel Shanks, who wrote the article, said that a timetable for publishing some of the remaining documents by 1997, negotiated between Israel's Department of Antiquities and the multinational group of editors in charge of further delay "because it apparently carried no provisions for assuring compliance by the scholars. The magazine also accused the Israeli overseers of the scrolls of joining 'the conspiracy of silence and obstruction.'"

"There is a real danger," the magazine said, "that some of the scroll fragments are deteriorating so rapidly that if the outside world cannot see them soon, it may never be able to see them."

In a chorus of complaints, scholars said the editors controlling the scrolls were excluding others from access to the unpublished texts, were not making a sincere effort to

See SCROLLS, Page 2

Fabled Lakes of Kashmir: Once Serene Waters Are Polluted

By Richard M. Weintraub
Washington Post Service

SRINAGAR, India — The water laps gently against the side of the punts as they glide over the dappled waters. The sunset plays against the trees lining the far shore and the mountains rising above, still snow-capped despite the summer's heat.

Children laugh. Fathers smile as mothers lean back against boat cushions, enjoying a respite from the heat of India's plains in June.

Kashmir and the fabled lakes of its capital, Srinagar, have been a lure for centuries. Mogul princes praised its serene waters and majestic mountains. British merchant princes and the generals who built the empire also came. Forbidden from owning land

by the maharaja, they built houseboats that were floating castles on the lakes.

"In 1922, I used to visit my customers in a boat," said Mohammed, a Kashmiri resident and craftsman of the region's delicately painted papier-mâché artifacts. "It was so beautiful, so clear. I could see right to the bottom."

"In the old days, when Dal Lake was really a lake — no motor boats, no swimming boats, no pollution — when there was just you and a small boat and privacy, people used to bring their friends with a small kitchen boat to serve," he recalled. "The singers would come to sing the praises of the beauty of the lake and the gardens and, oh, the people were just carried away. Their heads would sway with the

music and they would draw happily on their hookahs."

It takes memory and sensitivity to remind people that today's beauties pale beside those of a few decades ago, to warn that that which once was is rapidly disappearing.

Dal Lake is vanishing, its shoreline shrinking with the ravages of overpopulation and careless abuse of Kashmir's abundant natural beauty. Weeds choke its bottom.

"Within living memory, open water in the lake is down from 14 square miles (36 square kilometers) to nine square miles," said an expert who has studied the lakes.

On average, he said, 80 tons of silt flow annually into the lake from denuded hillsides. The refuse of

1,400 houseboats attacks the lake's ecological balance, but this is only a small villain compared to the 25 million gallons (about 95 million liters) of raw sewage that is believed to flow into the waters daily.

In 1961, Srinagar had a population of 285,000. By 1987, it was 850,000. The refuse of the teeming numbers is choking the lake that gives them economic sustenance.

The fate of Kashmir and its lakes is a microcosm of what is happening in much of the rest of India as a population that is expected to reach one billion by 2000 takes its toll on the finite resources of the country.

India is replete with stories of environmental

See POLLUTE, Page 2

Kiosk	
Baghdad Plans A Buffer Zone	
BAGHDAD (Reuters) — Iraq said Monday it planned to depopulate a 30-kilometer-wide buffer zone along most of the length of its borders with Turkey and Iran.	
It said the move was to protect inhabitants who had suffered from fighting during the Iran-Iraq war. Kurdish rebels say Iraq recently deported 30,000 Kurds from villages near the Iranian border.	
General News	
U.S. Democrats are suddenly trying to wrap themselves in Old Glory. Page 3.	
Crossword Page 7.	
Dow Close The Dollar	
In New York	
Down	DM 1.957
20.49	Pound 1.5425
	Yen 141.20
	FF 6.641

In China Night, a Deadly Game of Hide-and-Seek

By Richard Bernstein
New York Times Service

BEIJING — Except for some armed troops almost lost in the crowds at major intersections and the occasional jogging patrol, you would hardly know during the daytime in Beijing that martial law is still in effect.

But at night, when Beijing is as still and almost as empty as a northern Chinese village, things are different.

All along the streets after dark and until the early hours of the next day, the soldiers, like shadows in the dim light, are on duty.

AK-47 semiautomatic rifles cradled in their arms, they emerge from under the black trees, stopping passers-by to check identity papers, examining the cargoes of night delivery trucks, scrutinizing the passengers and also the trunks and even the glove compartments of every car that passes.

The obsession with checking virtually everything that moves on the city's nocturnal streets is one aspect of the intense search nationwide for those involved at high levels of the recent protest movement.

While many have been caught, a remark-

able number, particularly those on highly publicized most-wanted lists, have not.

Arrest figures compiled by Western reporters from official announcements indicate that throughout China some 1,600 people have been seized in the hunt that began within hours of the army's crackdown on the protest movement three weeks ago.

But only six people who figure on the list of 21 most-wanted student leaders have been arrested, and of those six, two were not found by the police but turned themselves in. [A student leader on the list of 21 suspects, Wuer Kaixi, escaped to Hong Kong. The Associated Press reported from the colony, citing unnamed sources. Activists would not say how he escaped or where he was now.]

[Mr. Wuer, 21, a Beijing Normal University student, was at the forefront of the protest movement. His fervent speeches and a lively television appearance with Prime Minister Li Peng made him widely known.]

In addition, late last week, the Public Security Bureau put out a wanted notice on seven of China's best-known intellectuals.

One, Yan Jiaqi, and his wife, Gao Gao, turned up in Hong Kong June 20, a student group there reported. There is no indication

that any of the six others have been found.

Some arrests may have been made without being reported by the government-controlled news organizations. Still, analysts believe that the government wishes to have its roundup of the leaders known, so they assume the absence of any announcements does indeed signal a failure by the police.

What is extraordinary in this is that in the past it was virtually unheard of for someone wanted in China to even think of avoiding arrest, much less actually succeed in evading a dragnet.

In the last suppression of major protest activities, that of the so-called Democracy Wall movement of about a decade ago, the police simply went to the homes of those they wanted and arrested them there. China, as many of them said at the time, is a place where it is impossible to hide.

A small number of those of those on the lists may have followed the example of Fang Lizhi, the astrophysicist who is China's best-known dissident, and found shelter in Western embassies. Mr. Fang took refuge in the U.S. Embassy two days after the crackdown and has remained there since.

It is believed that others, like Mr. Yan and

his wife, have managed to reach safety abroad. If they have, that would suggest the existence of a kind of underground railroad hitherto unknown.

All four of the student leaders who have been apprehended were found by the police well outside Beijing. One, Yang Tao, was caught in Lanzhou, in China's far northwest. Another, Liu Gang, was captured 240 kilometers (150 miles) south of Beijing as he was boarding a train.

The success of the students in evading arrest may not last. China is a country of countless neighborhood committees, one of whose functions is to report to the police on the presence of any suspicious strangers. So it is probably not easy for wanted people to hide out with friends, even in remote places.

But the fact that so many have stayed out of the hands of the police for as long as they have suggests a variation on an old adage of Mao Zedong, who said that the guerrilla is a fish that swims in the sea of the people.

It is possible that these latter-day democracy guerrillas have enough support from the local population that hiding out has, for the first time, become possible in China.

Hong Kong Still Seeks To Return Vietnamese

By Barbara Basler
New York Times Service

HONG KONG — Although the recent Geneva conference on Indo-Chinese refugees refused to endorse Hong Kong's proposal to return thousands of Vietnamese to their homeland, the colonial government here is trying to pursue that policy on its own.

Hong Kong officials have said they hope to reach an agreement with Vietnam over the next few months on the forcible return of the refugees.

A government spokesman said Hong Kong's secretary for security, Geoffrey Barnes, and two other representatives met with Hanoi officials Monday in talks covering mandatory repatriation.

Vietnam has said it opposes forced repatriation of its people, declaring that it is their "human right" to choose their place of abode.

But a foreign consular official said Vietnam appeared willing to discuss forced repatriation if it was linked to an economic aid package.

With more than 7,300 Vietnamese arriving this month alone, the Hong Kong government is under intense local pressure to stop the flow and rid the British colony of the 45,400 refugees housed in camps, detention centers, tents and old ferries.

The Vietnamese, who only a year ago totaled 14,000, are now the largest ethnic group here apart from the Chinese.

The recent flood of Vietnamese into the colony has been so overwhelming that the government has been holding 4,000 new arrivals on Tai A Chan, a barren island where they sleep in makeshift tents, with no electricity or running water, and only open trenches for toilets.

Last week, in an effort to improve conditions, Hong Kong began moving some of them to the Royal Air Force base of Sek Kong, where tents for 2,000 people have been pitched along an asphalt runway.

"We see mandatory repatriation as the only real solution to the problem," a senior government official said. "We simply must stop this flow of people, and nothing short of sending them back will convince them there is no more hope for a life here."

The hard-line approach toward the Vietnamese comes as residents of the colony, which is to be handed over to China in 1997, are asking Britain for assurance they will have some refuge if the new regime proves itself harsh and repressive.

Martin Lee, a lawyer and liberal legislator, has frequently reminded Hong Kong residents that they ought deal humanely with the Vietnamese.

The UN conference in Geneva endorsed Hong Kong's strict screening policy, under which "poor people" flee, under which hard times are classified as illegal immigrants and held in detention.

Only Vietnamese who can prove they are fleeing political or religious persecution will be classified as refugees and processed for resettlement.

WORLD BRIEFS

2,000 Protesters Detained in India

NEW DELHI (NVT) — More than 2,000 members of rightist Hindu organizations were taken into custody here on Monday during a protest over the killing of 27 Hindus by extremists in the Punjab region. The protesters, who shouted slogans denouncing Prime Minister Rajiv Gandhi's government, were detained for a few hours after they tried to push through a police cordon outside the home of the home affairs minister, Biju Singh.

Meanwhile, markets and businesses in several parts of northern India closed Monday to support a work stoppage called by opposition leaders to protest Sunday's killings, the worst this summer.

Party By-Election Loss Dismays Uno

TOKYO (Reuters) — Prime Minister Sosuke Uno expressed dismay Monday at the solid defeat of his governing Liberal Democratic Party by a Socialist candidate in traditionally conservative territory.

In a by-election for a vacant Upper House seat from the rural prefecture of Niigata, the voting margin was 560,275 to 482,391. "We didn't expect that we would lose that badly," Mr. Uno said. "We have to think seriously about it and to examine why it happened."

A number of commentators, saying that recent reports linking the prime minister with a former geisha girl had cost his party votes, especially among women voters, viewed the result as a harbinger of Upper House elections on July 23.

Colonel Assassinated in El Salvador

SAN SALVADOR (AP) — An armed forces colonel who commanded the national fire fighting corps was shot to death while driving to work Monday in an attack the military blamed on leftist rebels.

Colonel Roberto Armando Rivera Escobar, 45, died shortly after the attack Monday morning, the armed forces said. Colonel Rivera, former head of the National Security Police, was driving to work alone in the southern part of the capital when three men in a passing truck opened fire, the military said.

The police said the attackers were armed with Soviet-made AK-47 assault rifles. They blamed Colonel Rivera's shooting on leftist guerrillas of the Farabundo Martí National Liberation Front. Earlier this month, José Antonio Rodríguez Porti, a cabinet minister considered a close adviser to President Alfredo Cristiani, was assassinated.

Romania Dismantling Border Fence

BUDAPEST (Reuters) — Hungarian border guards were quoted Monday as saying that Romania was dismantling a barbed wire fence along their common border a week after it was erected.

The official Hungarian news agency MTI quoted the guards as saying that most of the 300-kilometer (185-mile) fence had been removed in the past three days. Both the Soviet Union and the North Atlantic Treaty Organization had expressed their disapproval of Romania's installation of the barbed wire barrier at a time when Hungary was dismantling a barrier along its western border with Austria.

More than 30,000 ethnic Hungarians have fled across the border from Romania to escape President Nicolae Ceausescu's plans to destroy their villages and replace them with agro-industrial complexes.

5 Are Hurt in Soviet Georgia Clashes

MOSCOW (AP) — Five persons have been injured in ethnic clashes in Soviet Georgia, an editor of the official Georgian news agency Gruzinform said Monday, and a Kazakhstan official said that the toll from rioting in that Soviet East Asia republic had risen to five dead.

The Gruzinform editor, Zurab Lomidze, said Monday in a telephone interview that five persons had been hurt in clashes Sunday night between Georgians and ethnic Azerbaijanis in the towns of Marneuli and Bolnisi. He had no other information about the clashes, and other Soviet news organizations carried no reports about the incident.

The head of the Kazakh Interior Ministry, Malik Sarsenov, said in an interview with Tass that one person died Sunday from injuries suffered in clashes in Novy Uzen. That brought the death toll to five from rioting there on June 17-20 against settlers from the Caucasus Mountains region.

U.S. Approves 2 Drugs in AIDS Fight

WASHINGTON (UPI) — The Food and Drug Administration, continuing efforts to give AIDS patients quicker access to drugs, acted Monday on treatments for two of the disease's most serious complications.

The agency approved ganciclovir, a drug combating an eye infection that strikes about one in four AIDS patients and can end in blindness. It also permitted wider use of an experimental drug to treat the anemia afflicting many patients, particularly those receiving the anti-viral drug AZT.

About half of the 20,000 AIDS patients taking AZT — the only government-approved drug to directly attack the AIDS virus — suffer severe anemia caused by the life-extending but toxic drug, said Commissioner Frank Young. Such anemia currently is treated by transfusions of oxygen-carrying red blood cells.

For the Record

A new British Sunday newspaper aimed at upmarket readers in the 20- to 44 age group will hit newsstands in September. The Sunday Correspondent hopes for a circulation of 362,000 in the first year. The chief executive, Nick Short, said the paper would be independent. (Reuters)

Three persons died and 25 were injured Monday in a series of collisions in the fog on the autobahn between Augsburg, West Germany, and Munich. About 120 vehicles were involved, the police said. (UPI)

TRAVEL UPDATE

Tainted Shellfish Fells 100 in Italy

RAVENNA, Italy (AP) — Up to 100 people along the Adriatic seaboard in Italy have come down with food poisoning recently after eating mussels contaminated by toxic algae. On Friday, four tons of mussels were destroyed on orders of health officials along the northern Adriatic coast.

The Bologna regional health authority has placed an indefinite ban on the fishing, sale and consumption of shellfish in the area. The food poisoning is attributed by scientists to "microalgae not previously found in the Mediterranean," which are believed to be the toxic dinoflagellate algae found in the Atlantic and off the Japanese coast. They produce toxins that cause violent bouts of gastroenteritis.

There has been a direct flight between Damascus and Cairo for the first time in 12 years, and scheduled service is expected soon as part of the reconciliation of the two nations. The service was cut by Syria after Egypt made peace with Israel. (AP)

A flight will have smoking for two weeks on two routes starting Monday to gauge public reaction to cigarette-free service. The ban lasts until July 10 on flights from Rome to Turin and to Catania, Sicily. (Reuters)

A third weekly flight between Hong Kong and Auckland will be operated by Air New Zealand and Cathay Pacific starting Nov. 26, the New Zealand airline said Monday. Flights now operate on Tuesdays and Thursdays. The third service will leave Auckland on Sundays. (AP)

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Algeria	22	14	F	Bangkok	28	24	F
Athens	22	14	F	Beijing	28	24	F
Bombay	28	24	F	Hong Kong	28	24	F
Buenos Aires	28	24	F	Manila	28	24	F
Cairo	28	24	F	New Delhi	28	24	F
Cardiff	28	24	F	Singapore	28	24	F
Chengdu	28	24	F	Taipei	28	24	F
Columbus	28	24	F	Tokyo	28	24	F
Dallas	28	24	F				
Dhaka	28	24	F				
Guangzhou	28	24	F				
Hankow	28	24	F				
Hong Kong	28	24	F				
Kobe	28	24	F				
London	28	24	F				
Los Angeles	28	24	F				
Madrid	28	24	F				
Moscow	28	24	F				
Mumbai	28	24	F				
Osaka	28	24	F				
Paris	28	24	F				
Perth	28	24	F				
Rangoon	28	24	F				
San Francisco	28	24	F				
Seoul	28	24	F				
Singapore	28	24	F				
Taipei	28	24	F				
Tokyo	28	24	F				
Yokohama	28	24	F				

TUESDAY'S FORECAST — CHANNEL 5: Slight, FRANKFURT: Sunny, 28-34; NEW YORK: Sunny, 28-34; LOS ANGELES: Partly cloudy, 28-34; PARIS: Partly cloudy, 28-34; TOKYO: Partly cloudy, 28-34; SYDNEY: Partly cloudy, 28-34; WELLINGTON: Partly cloudy, 28-34.

Soviets End Live TV for Parliament

By Michael Dobbs
Washington Post Service

MOSCOW — The Soviet authorities abruptly canceled live broadcasts Monday from the country's new standing parliament, the Supreme Soviet, as it began its first legislative session.

The decision to stop the television and radio broadcasts, which was made at the last moment, appeared to mark a step back from the policy of glasnost, or openness, proclaimed by President Mikhail S. Gorbachev.

Liberal and progressive deputies, who are in the minority in the Supreme Soviet, had favored live television coverage as a means of activating public opinion.

Many conservatives were opposed to earlier live broadcasts of the Congress of People's Deputies, the electoral body for the Supreme Soviet, which transferred the nation for the better part of three weeks. They say that the broadcasts encourage grandstanding by some deputies who frequently used the presence of television cameras to appeal directly to the voters.

A spokesman for the Supreme Soviet Presidium, which is headed by Mr. Gorbachev, said that the parliament had now entered a period of "routine work," making live coverage unnecessary. The ruling contradicted announcements in Monday's newspapers saying that the proceedings would be carried live on the second television channel.

The new Supreme Soviet, which replaces a rubber-stamp body that only met twice a year, adopted a packed agenda Monday for its first session, which will last until Aug. 4. On the agenda are 12 draft laws including proposals to virtually rewrite the criminal code, regulate the activities of informal citizens' groups and the press, and decentralize economic decision-making.

A number of committees, including a body to oversee the KGB, the secret police and intelligence agency, have been set up under the auspices of the Congress. The committees began to flex their political muscle over the past two weeks by rejecting four candidates for high office, including the minister of oil.

At the urging of a group of liberal deputies, the Supreme Soviet has also been instructed to "make a political evaluation" of the Soviet military intervention in Afghanistan.

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Soviet Submarine Accidents

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Key to submarine types:
● Nuclear-powered
● Ballistic missile
▶ Attack
□ Conventionally powered
○ Cruise missile

DATE	LOCATION	TYPE & CLASS	NATURE OF ACCIDENT	CASUALTIES
28 Aug 1977	Mediterranean Sea	■ Echo	Collision with US warship	unknown
19 Aug 1978	NW of Scotland	■ Echo II	"Engineering casualty"	unknown
21 Aug 1980	E of Okinawa	■ Echo	Fire	5 dead
Sept 1981	Baltic Sea	■ unknown	"Series of strong shocks"	radiation injuries
June 1983	Off Kamchatka	■ Charlie I	unknown	unknown
Sept 1983	North Pacific	■ unknown	unknown	unknown
31 Oct 1983	Off US East Coast	■ Victor III	Tangled in radar cables	—
21 Mar 1984	Sea of Japan	■ Victor I	Collision with US warship	unknown
20 Sept 1984	Sea of Japan	■ Golf II	Fire	unknown
21 Sept 1984	Straits of Gibraltar	■ Victor I	Collision with freighter	unknown
13 Jan 1986	NW of Okinawa	■ Echo II	unknown	unknown
3 Oct 1986	E of Bermuda	■ Yankee	Explosion in missile tube	3 dead
7 Apr 1989	Norwegian Sea	■ Mike	Explosion and fire	42 dead
26 Jun 1989	Norwegian Sea	■ Echo II	Fire	—

Notes: Echo class built as ballistic missile type but converted to attack type in early 1970s.

Sources: Jane's Information Group; ISS; Jane's Fighting Ships

NHS: British Health Service Nervously Awaits a Cure

(Continued from page 1)

national product, compared with a little more than 6 percent in Britain.

The principal fear is about the plan's main feature: the suggestion that doctors should think about what health care costs as they treat patients. Family doctors would get a budget, for the first time, for operating and prescription expenses, and they would have to live within it. Large hospitals would become self-managing trusts, each with its own board and budget.

The secretary of state for health, Kenneth Clarke, said that the aim of issuing a government white paper — basically, a blueprint for legislation — last winter was to stimulate debate before the government introduced bills to put the new system into effect. He certainly succeeded.

Every organized health professional group has denounced the government plan as a Trojan horse, a Thatcherite plot to abolish public medicine and destroy the Health Service. Some Conservative economists consulted by the government say it should have done just that but did not and will fail to bring about any improvement.

The British Medical Association, a doctors' lobby, is taking out full-page advertisements in national newspapers urging consumers to write to members of Parliament asking them not to approve the government plans.

"Mr. Clarke wants to introduce a new spirit of competition within the NHS — the health of the patient versus the cost of the treatment," one advertisement said.

David Mellor, the health minister under Mr. Clarke, said in an interview: "No one assumed the doctors would love the proposals, or that the public would believe us instead of them." He added that the public held an "undoubted affection" for the service, tending to

fault the government instead of the service for its shortcomings.

Pointing out that the government has increased spending on health from \$12.8 billion in 1978-79 to the current \$41.6 billion, Mr. Mellor said: "Truly, I'm entitled to say that if spending more money were the right medicine, then the patient would be well by now."

He said that after the necessary legislation is introduced this fall, the government hopes that some large hospitals and family practices will then go ahead in the first self-management pilot projects beginning in April 1991.

"If we had wanted to privatize the Health Service, I would have thought that with 10 years of large majorities in Parliament, we would have done so by now," he said.

"The Health Service will continue to be available to all, largely financed by taxation, which is to say free at the point of use."

The ideal of free, universal health care remains fiercely attractive, 40 years after the National Health Service was established. It was to eliminate the differences between the rich and the poor.

It did not, according to two reports on inequalities in health published in 1980 and 1987 that found that people in poor areas had poorer health profiles than people in neighboring affluent areas, though they noted that some of the disparity was due to differences in smoking and drinking habits and environmental factors.

The contrasts can be seen clearly just south of London Bridge. Guy's Hospital, a 265-year-old institution, is a good example of the best and the worst of the National

Health Service. The quality of the medicine taught and practiced there is internationally first-rate, though the facilities are not the most modern or comfortable of the country's public hospitals.

The hospital's professional staff is dedicated and highly trained, but until a few years ago heads of the major departments had no idea how much money they were spending or even how many people worked there — that was all left to the bureaucracy above them.

In 1985, to fend off bankruptcy, the hospital's doctors introduced an American-style clinical budgeting program that inspired some of the government's later proposals.

But the hospital is only now introducing computers. Parts of the place are Victorian and run-down. The wards in one of the oldest buildings, where the metabolic medicine unit is housed, are dingy and crowded. "It's no way to treat people," Professor Harry Keen, head of the unit and a vigorous supporter of the national health system, acknowledged.

Just down the street stands a much smaller, private institution, London Bridge Hospital. It is all efficiency, from the receptionist right up to the well-lit corridors where doctors consult with their patients.

But it would be impossible to run Guy's like London Bridge. Guy's, founded by Thomas Guy in 1725, is a teaching hospital, specializing in difficult, costly cases, and responsible for the mostly poor people of Southwark, which surrounds it.

London Bridge, which is profit-making, can pick and choose its patients and the services it offers.

SCROLLS: Historians Are Angry

(Continued from page 1)

speed up publication of the material and might even be trying to suppress some potentially controversial revelations. They suggested that the editors might be restricting dissemination of the documents to one another and their own students so they can control the interpretations placed on the scrolls.

A member of the scroll publication team, Frank Moore Cross, of the Harvard Divinity School, acknowledged in an interview that work on the documents had been slow.

Since the team members must teach nine months of the year, he said, they usually can devote only their summers at the Rockefeller Museum in Jerusalem, where the scrolls are housed, to deciphering and preparing the texts for publication. Another problem is that the intact scrolls were published early, and the remaining texts are all in fragments that are difficult to piece together and decipher.

"My own material has been generally available for years to those

who want to see it," said Mr. Cross, a professor of Hebrew. "Most of the manuscripts I've been assigned are in the process of publication by doctoral students of mine. I don't have a bad conscience at all."

John Strugnell, also a professor at the Harvard Divinity School, who is now chief editor of the team, said it was not uncommon for the processing of similar ancient archives to consume 50 to 100 years of scholarly labor. Materials from the Dead Sea Scrolls have appeared so far in seven volumes of "Discoveries in the Judean Desert," published between 1955 and 1982.

A number of the scholars are particularly frustrated by the slow publication pace set by J.T. Milik, a French scholar who is responsible for more than 50 documents. Repeated telephone calls to Mr. Milik for a comment were unanswered.

Mr. Cross denied that there was

Agency Probes Lenders Firms Suspended In HUD Program

By Gwen Ifill and Ann Mariano
Washington Post Service

WASHINGTON — The Department of Housing and Urban Development, eager to head off another potential scandal, has suspended or is reviewing the participation of nine mortgage companies that finance government-subsidized housing projects in its "co-insurance" programs.

The agency also has imposed a four-month moratorium on approving new participants for the troubled programs.

Co-insurance, a centerpiece of the Reagan-era efforts to privatize agency programs, allows private lenders to earn lucrative fees by making mortgage loans to federally backed housing projects. But under the program the department assumes most of the losses should a project fail.

A recent report by the agency's inspector general found that mismanagement and alleged fraud in the program, designed to encourage the rehabilitation and preservation of moderately priced housing, is expected to cost the government millions of dollars. Nearly \$700 million of mortgages are in default, according to a recent report by the inspector general.

Internal agency communications sent to regional administrators and to lenders in recent weeks have detailed the growing concern with how the program has been run in the field and at the Washington headquarters.

The program's problems came to public attention when DRG Funding Corp., a major lender based in Washington, was suspended from the program in March. Shortly afterward, two other lenders, Southwest Funding Group, Inc., of Houston and Fuller Mortgage Associates of Indianapolis, also were suspended.

A half-dozen other companies have been placed on six-month probation or are being reviewed for fiscal irregularities.

"Everyone is talking co-insurance," said an aide to Representative Tom Lantos, Democrat of California, who is presiding at hearings into abuses at the agency. "The magnitude of the problem is such that it clearly warrants a closer look."

Investigators in the inspector general's office have expressed concern that developers and mortgage lenders have worked together to "goldplate" some projects, resulting in overvalued and overinsured properties that drive up rents, which could force the projects to the edge of default.

At one auction of foreclosed agency properties in Houston last month, 10 projects were resold for only a quarter of the amount it originally cost to finance them. The mortgage loan on the 1,818-unit Colonial House project there, for instance, totaled \$47.2 million, but the property sold for \$8.9 million.

A former high agency official, in an interview, called the inflated Colonial House loan "the most brutal abuse I've ever seen in my life." The appraisal was "wildly inflated," and the agency kept the project afloat when it should have been foreclosed, the official said.

Under the co-insurance program, the agency approved private lenders who wanted to take part and who met the requirements. But critics say agency officials often subsequently failed to perform even the minimum of oversight required under the program.

The department's inspector general began reporting problems with co-insurance in 1984, but it was not until last September that the agency suspended DRG, which is now under criminal investigation. The agency audit found that \$538 million of DRG mortgages were in default, representing about 75 percent of all of the co-insurance program's bad loans.

Under co-insurance rules, mortgage companies make loans to the projects, then sell securities to the public that are secured by the proceeds of the loan. The mortgage companies collect monthly payments from the property owners and pass them on to purchasers of Government National Mortgage Association securities.

The lenders get lucrative fees — sometimes nearly 5 percent of the loan amount — for these services. But in a default, the lender usually is responsible for about 20 percent of the loss, with the federal government bearing the rest. The government also guarantees the mortgage-backed securities.

"We are trying to determine whether the problem we have is a few co-insurers, or whether the problem is systemic in the program," said Peter Monroe, who has been nominated to be the assistant secretary for housing.

Dutch Colony to Hold Vote on Independence

Reuters

AMSTERDAM — The Netherlands Antilles, a group of five Dutch-ruled islands in the Caribbean, is to decide in a referendum in November if it wants to become independent, the Dutch news agency ANP said.

It said that the islands' prime minister, Maria Liberia-Peters, announced the move in the Antillean parliament in the capital Willemstad on the island of Curaçao.



SOAKING UP A SPILL IN NEWPORT — An oil cleanup worker spreading absorbent sheets along the shore of the harbor in Newport, Rhode Island, after a spill closed the state's beaches Monday and claimed its first wildlife victims. The Coast Guard, which said the oil was evaporating rapidly, reduced its estimate of the amount of the tanker spill to 420,000 gallons from earlier estimates. About 500 people worked on the Rhode Island cleanup while, in Delaware and Texas, hundreds more labored with lesser spills.

Democrats: Rookies at Capture the Flag

By Robin Toner
New York Times Service

WASHINGTON — Many Democrats believe that Michael S. Dukakis lost the 1988 presidential election because he was more at ease with case law than patriotic speeches.

From sea to shining sea, George Bush demanded to know why the governor of Massachusetts vetoed a law requiring schoolchildren to recite the Pledge of Allegiance each day. Mr. Dukakis responded with a discussion of a 1943 Supreme Court decision — an answer that was scholarly, cogent and politically devastating: So much for the South, so much for the heartland.

Many Democrats swore they would never be outflagged again.

That helps explain why Democrats raced to denounce last week's Supreme Court decision that flag-burning was protected under the First Amendment. They proposed laws. They passed resolutions.

They fumed and fretted on the floor of the House and Senate.

"After the experience of 1988, Democrats were determined not to let the Republicans claim the flag

NEWS ANALYSIS

as their own this time," said Geoffrey Garin, a party poll taker.

Representative Richard A. Gephardt of Missouri, the House majority leader and a former presidential candidate, said: "I don't think any of us take a back seat to the Republicans in those values and those ideas."

This is a politics of values, of feelings, of flag and family, hearth and home. For eight long years, Democrats watched Ronald Reagan spin those values into a wondrous vision of America — ratified in two landslide elections. By the end, the man himself seemed part of a heroic national tableau. He literally rode off into the sunset as

supporters talked about chiseling his face into Mount Rushmore.

Meanwhile, the Democrats stumbled. They stumbled on the pledge issue. They stumbled on the crime issue. On the basic threshold question of values, Mr. Dukakis seemed unable to connect. Republicans kept him on the defensive as a "card-carrying member of the American Civil Liberties Union."

Senator Steve Symms of Idaho even asserted that Mr. Dukakis' wife had once burned an American flag, an accusation that was unsubstantiated and flatly denied but widely broadcast.

Now comes the case of a real flag-burning. Democrats of old might have responded with a defense of the Supreme Court and a gentleness to the First Amendment. Like Mr. Dukakis in August 1988: "The highest form of patriotism is a dedication and commitment to the Constitution of the United States and the rule of law."

Not in 1989.

"Nobody in the House supports flag-burning," intoned Thomas S. Foley of Washington, the speaker of the House. "There is no justification for the burning and disrespect to the American flag — no cause, no issue, no circumstance that justifies that."

Democrats did not entirely change their stripes, however. Mr. Foley, for example, said that Congress should be "extraordinarily slow" to amend the First Amendment to overturn the Supreme Court decision.

The compulsive concern of many in the party over civil liberties was still very much on display. Moreover, as one Democratic strategist put it, even though the court is no longer their own, Democrats reflexively defend it.

Mr. Gephardt said: "You have to draw a balance. Being for the flag and saying it and feeling it doesn't mean you're against free speech."

Missing the U.S. Welfare Line

Millions Forgo Aid Due to Lack of Knowledge, or Fear

By Spencer Rich
Washington Post Service

EMPORIA, Virginia — Harriet Clary's daughter came home with her baby and left after a year. For 17 years Mrs. Clary and her husband raised their grandchild, sometimes with their daughter's help and sometimes without it.

In recent years leg pains forced Mrs. Clary to quit her mill job, and the family has been living on her husband's disability check of about \$566 a month. It never occurred to Mrs. Clary, whose education ended in the second grade, that other help might be available.

Dealing with "the welfare folk," as she calls them, was never a pleasant experience. "They scare me to death when they talk to me, the welfare folk," she said, adding, "They make you feel small."

A year ago she came to the Virginia Legal Aid Society office in Emporia after finding out that the leg pains she experienced may have qualified her for disability payments from the federal Supplemental Security Income program.

She found that for most of the time she had been raising her granddaughter she could have received payments from another U.S. program as well, Aid to Families for Dependent Children.

Through ignorance and fear, Mrs. Clary lost thousands of dollars of benefits that cannot be recovered, according to Legal Aid officials. Her case is not unusual.

While efforts to trim welfare rolls by tightening eligibility standards have generated considerable controversy, especially in the early years of the Reagan administration, relatively little attention has been focused on the millions of people believed to be eligible for welfare benefits who for a variety of reasons are not receiving them.

"If more eligible people enrolled, outlays would be substantially higher, probably billions more, but the result would be fewer people in poverty, in need of food or lacking medical care," said Robert Greenstein, the director of the Washington-based Center on Budget and Policy Priorities, a public-affairs research organization.

Recent studies have documented the extent of underenrollment in major U.S. programs:

• A third to a half of all persons legally eligible for food stamps are

not enrolled, according to studies by the Congressional Budget Office and the General Accounting Office, as well as a study conducted by Mathematica Policy Research for the Agriculture Department.

Studies by the Congressional Budget Office and Mathematica found that in mid-1984 about 30.4 million people were eligible but at most only 20 million were enrolled.

• A third to a half of those eligible for Supplemental Security Income benefits, or SSI, a cash welfare program for the aged, blind and disabled run by the Social Security Administration, are not enrolled. A study by ICF Inc. for the American Association of Retired Persons concluded that in 1985 only 51.5 percent of those age 65 and over who were eligible participated.

• From 20 to 25 percent of the 4.2 million families eligible for Aid to Families with Dependent Children, the cash welfare program for mothers with small children, do not participate, an Urban Institute study covering 1984 found.

• A third of all noninstitutionalized, low-income people eligible for Medicaid, the federal-state program providing health care for the poor, are not enrolled, according to preliminary findings by the Urban Institute.

In 1987 these four programs alone paid out about \$95 billion in benefits to people who were enrolled.

Studies by the General Accounting Office and other organizations suggest that in up to half the cases the reason for nonenrollment is lack of knowledge.

Many do not know the programs exist. Others mistakenly believe they are ineligible.

Other factors cited in surveys are embarrassment at applying for what is seen as charity, mistreatment and administrative obstacles sometimes imposed by welfare officials, the feeling of some people that they do not need benefits, and the fact that the income of some eligible people is high enough that benefits would be small, often only \$10 a month.

An important factor in people's failing to get food stamps, according to Robert Fersh, director of the Food and Nutrition Action Center, "is lack of forceful and strong outreach efforts."

Testifying before a House committee recently, the deputy commissioner for policy of the Social Security Administration, Michael C. Carozza, defended the outreach efforts of his agency.

"Since July 1983," he said, "each month approximately 110,000 potential beneficiaries have been notified about the SSI program and its eligibility requirements at the time they receive notification of eligibility for Medicare."

But Representative Mickey Leland, Democrat of Texas, was not convinced.

"Most benefit programs seem to be operated under the assumption that everyone can read and write, that everyone has a car and that everyone has endless hours to spend finding offices, obtaining documents and waiting to be interviewed," he said.

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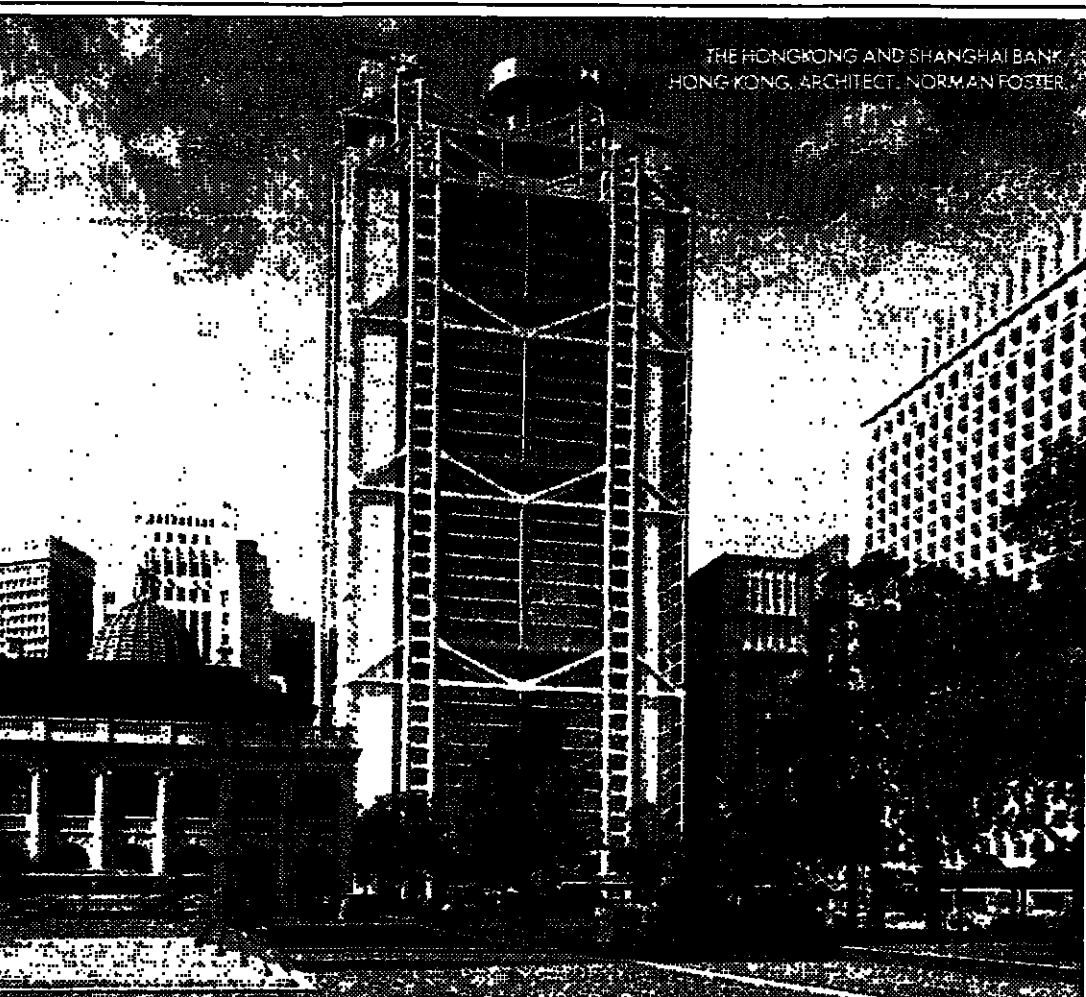
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Reagan Left a Swamp

In speech after speech during his 1980 presidential campaign, Ronald Reagan hammered at the same theme: "Billions of dollars of waste, extravagance, fraud and abuse in federal agencies simply are being ignored." He pledged to "put the corruption fighters back in charge" in every nook and cranny of the executive branch.

What a different song Mr. Reagan sings now! Commenting last week on one of the growing scandals in the Department of Housing and Urban Development, he pleaded ignorance. "I didn't have the slightest indication of what was going on," he told USA Today.

What, me worry? A cabinet department doesn't become a swamp of scandal overnight and by inadvertence. If HUD is a swamp, it is because Mr. Reagan and his administration, contemptuous of government generally and of HUD especially as a manifestation of the hated welfare state, made it one. There is no question that the place was riddled with "waste, extravagance, fraud and abuse."

Abuse: Former top HUD officials and well-connected Republicans milked a low-income housing rehabilitation program by selling their services as "consultants" to developers seeking valuable contracts. In fact, what they were selling was their influence with Samuel Pierce, then housing secretary, and key aides like his executive assistant, Deborah Gore Dean. And as one of these consultants, himself a former HUD employee, told a congressional hearing on Thursday, it was well known that a developer needed a "heavy hitter" to make the system work.

Fraud: Private escrow agents, hired by HUD to handle sales of foreclosed properties, failed to remit as much as \$20 million in proceeds to the agency. They could do so without fear of discovery because HUD's internal management was so weak. And that was because the administration, so determined to shrink the government, kept cutting the department's budget and staffing. Indeed, HUD was the only cabinet department to shrink during the Reagan years, from 16,000 to 12,000.

Extravagance: Mr. Pierce, known for his love of foreign travel, gave himself special permission to fly first class on many trips and allowed trade groups to pay some of his hotel bills. He was the unofficial travel champion of the Reagan cabinet. His junketing included five trips to the Soviet Union.

Waste: Mr. Pierce used his discretionary power last year to approve funds for a swimming pool in Senator Alfonse D'Amato's hometown of Island Park, Long Island—a \$1 million amenity for a middle-class beach community. This waste came on top of an abuse: the rigging of a subsidized housing program in Island Park to favor friends and relatives of Mr. D'Amato and village officials and to exclude minorities.

"The government is so big, and there are so many things in it that you can't be aware," Mr. Reagan said last week—confident, apparently, that his Teflon remains in place. The fact is, America gave Ronald Reagan the opportunity he asked for. And when it came to housing, the evidence emerging from HUD shows, he gave America the business.

—THE NEW YORK TIMES.

Say No to Junk Bonds

As the conference committee gets down to work on the S&L bill, it is going to have to deal with the question of junk bonds. Should savings and loans be allowed to buy them? Like most of the quarrels over the S&L bill, this one affects only a small minority of institutions—but they tend to be big ones. Their defenders say that no S&L has yet lost money on these bonds. The answer is that the junk bond phenomenon has yet to go through a recession.

These are bonds that pay very high interest rates because they represent commensurately high risk. Some of the lobbyists have been arguing that it is unfair to prohibit S&Ls from buying these securities because, to protect their financial health, they need higher earnings than home mortgages provide. But hundreds of S&Ls have gone broke, at huge cost to the taxpayer, by taking precisely this kind of risk.

There is a connection to the current surge of corporate mergers and acquisitions. For the dealers and brokers, the mergers and acquisitions game can be as profitably profitable. One of the attractions of owning an S&L in recent years has been the possibility of turning it into a captive buyer of the junk bonds that finance these deals. But however

lucrative it may be to hold these bonds, it is not safe. In many recent acquisitions, the interest on the reorganized company's debt has been substantially greater than its earnings. The buyers of the bonds are gambling that the new management can sell off assets and raise earnings very fast, before the deadly arithmetic of the interest charges begins to catch up with them. That would be hard to accomplish in a recession, if one should come along, and sooner or later one will.

There is nothing wrong with buying risky bonds, as long as you are using your own money. But when a depository institution such as an S&L makes investments, other people's money is at stake. If its investments fail, an S&L's capital can quickly be wiped out—and then all further losses fall directly onto the federal deposit insurance fund. That is how the cost of the present cleanup ran up over \$100 billion.

The central purpose of the bill is not merely to pay for past failures but to prevent future failures. The idea is to ensure that institutions will be capable of riding through rough weather without capsizing. To prohibit them from buying highly risky bonds is a badly needed safeguard.

—THE WASHINGTON POST.

Other Comment

What 'Post-Communist' Era?

Despite the talk of a "post-Communist" era supposedly dawning, Western policymakers cannot afford to ignore the staying power of conservative elements in Communist regimes, as the recent events in China have amply demonstrated. Help should not be given to such regimes if its effect is to strengthen them and obviate the need for them to make concessions toward more freedom and democracy. Dialogue and economic aid must be accompanied by real progress, not just promises for the future. In spite of the euphoria over progress in Hungary, Poland and the Soviet Union, the ultimate outcome of events in the East remains anything but certain.

The Soviet Union, and especially Hungary, have liberalized their policies, but other East European states are more repressive than ever. Ambitious projects such as dismantling military alliances will be feasible only when Western traditions such as individual rights, free elections and separation of powers are recognized and applied in the East. Such fundamental changes will require not only declarations of intent but political will and political pressure over many decades to come.

—Neue Zürcher Zeitung (Zurich).

Britain in Defense of Europe

Having predicted nine months ago that Europe would be the most disruptive political issue for the Tory party at tariff reform, I feel moved to make a bolder prophecy. Unless the voices of caution are heeded more closely in Brussels, the European Community is heading for disruption and perhaps breakdown.

It is in Europe's best interests, not simply our own, that the speed with which the Community's architects are running up a supra-national Europe, without full political accountability, be slowed. To be troubled by this determination to take the Community beyond the economic field into the limitless social field is not to be anti-European. It is to be positively pro-European, and that is the message for Mr. Thatcher to deliver.

Notwithstanding the heady atmosphere prevailing in Europe just now, in which we are being made to look renegades, resentment in other Community countries at too much zeal in Brussels will grow. And there

will develop sooner or later a crisis over where parliamentary powers are finally to reside, in the national Parliaments or in Strasbourg. I doubt they will be shared.

It is not all that long since most of the European Community would up their colonial empires, in face of a manifest desire by people to govern themselves. It would indeed be strange were they themselves now to wander absently into an empire ruled from Brussels. It would not last long; and that is what, in all friendliness, we must warn Europe against.

—W. F. Deedes, in a column in The Daily Telegraph (London).

Gorbachev Appeases Tehran

The Iranian parliamentary speaker, Hashemi Rafsanjani, in Moscow shopping for military hardware, said that Ayatollah Khomeini's death sentence on Salman Rushdie cannot be reversed. Mr. Rushdie's demise was ordered by a man of blind rage, and it can be undone by another possessing clear and pragmatic vision. Mr. Rafsanjani, it seems, is not such a man. Or perhaps he still lacks the political support in Tehran to unravel Ayatollah Khomeini's tangled legacy. Whatever the reason, the speaker has shown that no changes in Iran's uncompromising policies will be forthcoming.

It is therefore surprising that Mr. Rafsanjani has been given such a warm welcome by Soviet President Mikhail Gorbachev. It is only natural for the Russians to want to be on good terms with their volatile southern neighbor. However, in light of Mr. Gorbachev's persistent efforts to be taken as a man of peace and good sense, it is strange that he would embrace an Iranian leadership that has shown itself to be temperamental and occasionally dangerous.

The Soviet Union is in a position to influence Tehran, to bring a measure of moderation to Iranian policy. Moscow's support for Mr. Rafsanjani's leadership appears questionable—all the more so when the speaker uses his visit as a platform for reiterating the validity of state-sanctioned murder. Mr. Rafsanjani is wrong when he claims that Ayatollah Khomeini's death warrant cannot be changed, and the Soviets should know better than to lend their international prestige to a matter as ignoble as the Rushdie affair.

—The Bangkok Post.

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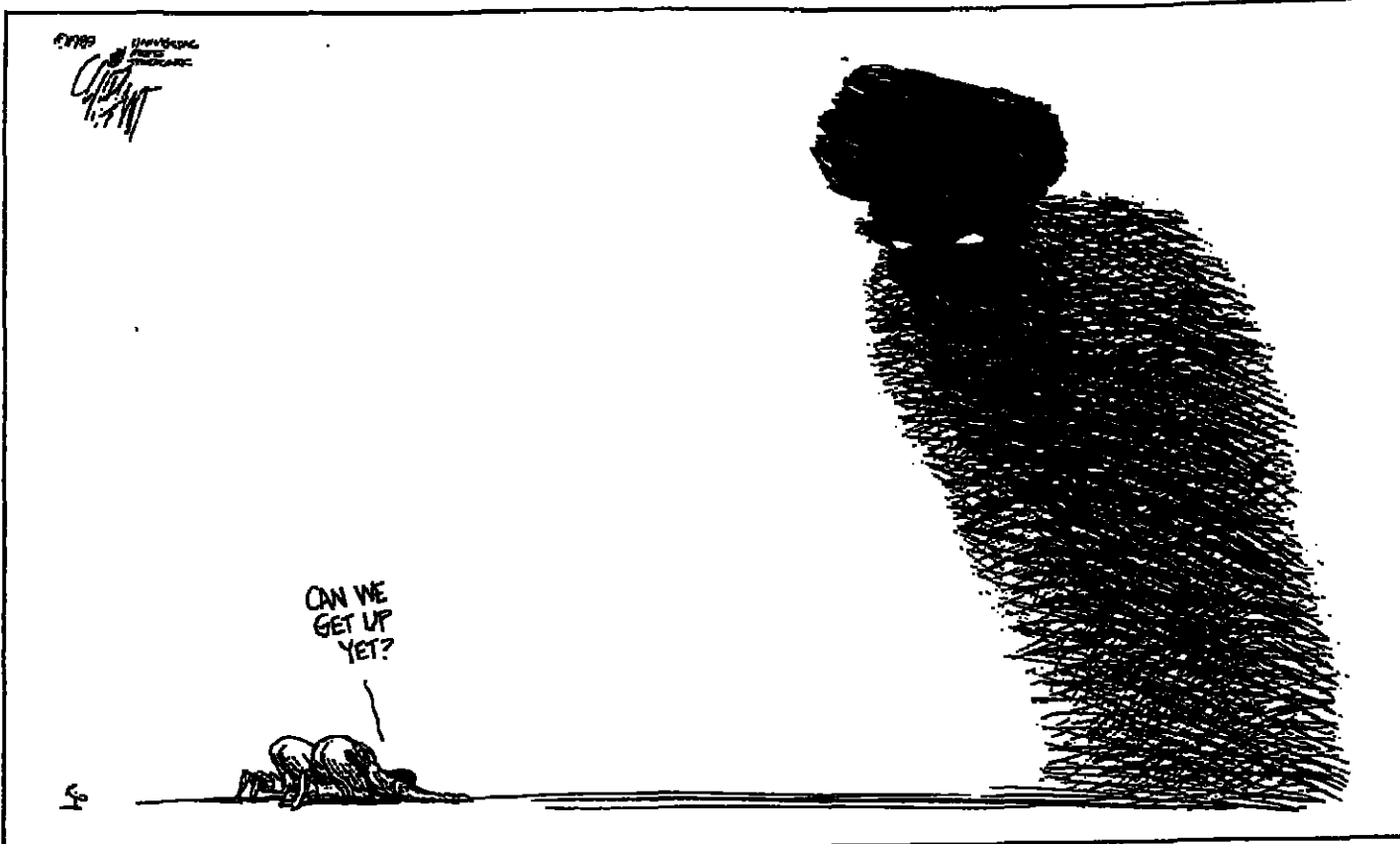
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OPINION



Deterrence Returns To Favor

By Jim Hoagland

PARIS — George Bush is quietly redeeming nuclear weapons from the purgatory to which they were assigned by Jimmy Carter and Ronald Reagan. The doctrine of Mutually Assured Destruction, stigmatized as evil and unworkable by Mr. Reagan, is being rehabilitated by Mr. Bush as essential to world peace.

In his "beyond containment" speeches and in private strategy sessions at the White House, Mr. Bush has established that he takes a far less emotional view of nuclear weapons than did his immediate predecessors. Mr. Reagan recoiled from MAD, which holds that neither the United States nor the Soviet Union will launch a nuclear attack if it is clear that each will retain enough retaliatory power to destroy the aggressor in a nuclear war. Mr. Reagan enthusiastically joined Mikhail Gorbachev's campaign to abolish nuclear weapons and developed his own plan for a space shield against missile attack as ways out of the logic of MAD.

The unadvised shift of emphasis back toward deterrence at the White House has been noted by the Kremlin with concern. "Reagan was emotionally close to our thought that it is not normal to live with the kind of terrible weapon," Georgi Arbatov, head of the official Soviet research institute on U.S. policy, told me in Bonn during Mr. Gorbachev's recent visit there. "What we have seen thus far in the new administration looks like a return to old views on nuclear deterrence, which would not be a good thing."

Mr. Bush's new emphasis on the role of nuclear deterrence in keeping peace could bring him into conflict with committed supporters of Mr. Reagan's Strategic Defense Initiative, the "star wars" scheme which was initially sold as a way of making nuclear missiles and MAD obsolete. By rehabilitating them, Mr. Bush may be knocking the ideological props out from under the full-scale version of the SDI.

At the other end of the political spectrum, he risks inadvertently breathing life again into the anti-nuclear movement in America and Western Europe by championing the usefulness of nuclear weapons.

These are risks worth taking if the administration is embarking on an orderly reappraisal and reduction of the role of nuclear weapons for the future. By abandoning nuclear weapons, Mr. Bush opens the way for realistic discussions with NATO on a minimal nuclear deterrent to complement the minimal conventional armies to which he and Mr. Gorbachev have committed themselves in Europe.

The recent spat between Washington and Bonn over short-range nuclear missiles in West Germany was only the most visible sign that rapid political changes occurring in Europe will effect all levels of nuclear strategy. The West German ambition to get nuclear missiles off German soil will, if achieved, put an effective end to NATO's "flexible response" strategy.

Under flexible response, NATO is committed to maintain a broad range of nuclear weapons that can be used to halt Soviet attacks without triggering an all-out nuclear exchange. But the credibility of this strategy has declined markedly in the 1980s, as the United States rushed to deploy medium-range rockets in Europe to match the Soviets' SS-20s and then rushed to take them out when Mr. Gorbachev accepted Mr. Reagan's offer to eliminate all such rockets.

The fear of a Soviet attack declines almost daily in Western Europe. Mr. Bush's ambitious proposal for conventional arms reductions has helped significantly to lower apprehension about the future. He and Mr. Gorbachev have put forward plans that greatly reduce the threat of the surprise attack that tactical nuclear weapons were put in Europe to prevent.

The dispute with West Germany, which has gone into remission rather than having been resolved, shows that long-standing but previously hidden differences on nuclear strategy between the United States and its European allies are surging into the open. Alliance strategy should be overhauled before flexible response is totally discredited and public support for all forms of nuclear deterrence is undermined in the West.

MAD is still the least bad form of insurance available against nuclear war. But the Cold War premises of its strategy are being radically transformed. The Bush administration has the opportunity to meet a vision of minimal arsenals of several hundred nuclear warheads on each side. This outcome would be far from mad.

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: A Spine for Africa

PARIS — The *Herald* says: "The movement in favor of the Congo railway in Africa should not be regarded as a mere commercial undertaking. For, while it is commercial in a cold business sense, there are higher purposes. The railway might be called the spinal column of modern civilization. We see what it has done for Europe in a social, military, business, ethnological way. Great campaigns are based not, as formerly, upon mountains and streams, but upon railways. Families are drawn closer together and fragmentary nationalities like Italy, Germany and Austria have become nations."

1914: Fire in Salem

SALEM, Massachusetts — Half of the historic "witch city" has been devastated by a fire, which began yesterday afternoon (June 26) after an explosion at the Korn leather factory. The loss is estimated at \$20,000,000 and count-

less buildings, including a score of manufacturing and other business houses and handsome residences, have been destroyed, while 10,000 people are homeless. The fire was still raging this morning in the vicinity of the Old Customs House, the Peabody Museum and Hawthorne's "House of the Seven Gables."

1939: Soviet Bombings

MOSCOW — Soviet warplanes heavily bombed newly-constructed Japanese aerodromes and barracks in the Lake Baikal region in the course of air fighting on the Outer Mongolian border, causing many casualties, it was disclosed from an authoritative source here today (June 26). At the same time the Soviet government issued an emphatic denial to Tokyo reports of Japanese prowess in the air battles that have been going on for more than a month on the border of Outer Mongolia. Outer Mongolia is bound by a mutual assistance pact with Soviet Russia.

Whatever Comes Next, Marxism Has Been Beaten

By Dominique Moïsi

PARIS — The 20th century has been called the American century but it may also be remembered as the Soviet century. Events stemming from Russia have twice decisively shaped the course of history.

In 1917 the October Revolution radically transformed the international system by introducing a key destabilizing factor, Marxist ideology in power. Today's perestroika and glasnost in Mikhail Gorbachev's Soviet Union, by perhaps closing the ideological parenthesis, may prove just as important.

History will remember the spring of 1989 — a "spring of people" evoking 1848 in Poland and Hungary; blood of the people in Tiananmen square in Beijing; a NATO summit which hid many ambiguities; Mr. Gorbachev's triumphal visit to the Federal Republic. The world is changing before our eyes.

Three readings are possible, more complementary than contradictory.

An ideological reading would put the emphasis on the grand failure of socialism. Nineteenth century Europe had two dreams, socialism and America. One either wanted to transform the world in which one was, or to change one's personal life by joining a new nation. America, if by that one means democratic pluralism, has won, and socialism, in its Soviet Marxist incarnation, has failed.

Marx had decreed the supremacy of economics, a most disputable view which neglects the decisive role of passion in human history. Economics now takes its revenge. What can be the future of the boldest political reforms if they do not succeed in suppressing the gigantic economic backwardness of the Communist regimes?

Another reading emphasizes the historical and cultural factors, the weight of traditions and the return of geography as an essential force in international relations. What is happening in the Soviet Union can be interpreted as yet another episode in the difficult relations of Russia with Europe since the 18th century. The modern Slavophile denounces socialism as a western import from a West bent on corrupting the Russian soul.

If, by a process of irresistible erosion, Eastern Europe resumes being Central Europe before the Soviet Union resumes being Russia, would Europe be confronted with its own history? Once the weight of ideology and the "fraternal protection" of the Soviet Union were removed, would nationalities quarrels engulf the generous ideals of European reunification?

Beyond the growing anxiety linked to the various irremediable forces in Eastern Europe, one can find the fear of a Germany that would once again be too powerful in the heart of Europe. The reasoning goes as follows: The more Eastern Europe reverts to being Central Europe, the more Ger-

many will be at Europe's center. The more 1992 Europe favors economic factors above others, the more the weight of Germany will be felt.

Yet the problem of Germany is not, contrary to what many seem to believe in France, that it can go back to Bismarck's time. Germany is characterized by a combination of economic power and the desire to protect itself from the winds (nuclear or not) of history. It is not turning eastward; but as part of the East turns more and more toward the West, Germany welcomes such changes without integrating them in a positive, voluntaristic vision of Europe. The 19th century vision of *Deutschland über alles* has been replaced by a selfish and often ahistorical vision of "German daily life before all."

A third reading would emphasize a diplomatic interpretation of changes. The failure of Communist ideology is accompanied by a questioning of the bipolarity that has dominated the world since 1945. However, the bipolarity is being replaced not by a return to a more traditional, multipolar and homogeneous world but instead

by a fragmented world which has no precedent in modern times.

In a world dominated by several powers — the United States, the Soviet Union, Japan and Western Europe, and perhaps also China if it eventually surmounts its totalitarian suicidal inward tendencies — the failure of socialism does not necessarily mean the triumph of democratic pluralism, the American way.

The year 1989 is notable for a deepening both of the dialogue between East and West and of the internal crisis in the socialist world. Never in recent years have domestic trends so dominated international politics. Never has the weight of economics and politics so clearly dominated the military dimension.

Such complex and uncertain developments can lead to either optimism or pessimism.

The optimist will be pleased by the consolidation of détente in Europe and by the progress of democratic ideals. Is a humanistic vision shining out in the West as well as in the East of Europe? Already Eastern European countries are judged by

China: The State Had to Crack Down

By Chi-Chen Wang

NEW YORK — Deng Xiaoping was quoted early this month as saying: "A very small number of people created turmoil, and this eventually developed into a counter-revolutionary rebellion. They are trying to overthrow the Communist Party, topple the socialist system and subvert the People's Republic of China so as to establish a capitalist republic."

Frankly, I see nothing wrong with Mr. Deng's statement. All movements and demonstrations, all rebellions that fail or revolutions that succeed, are instigated by a handful of men who seek power so that they can impose on the majority their particular brand of tyranny.

There is no question but that the purpose of the recent demonstrations was to topple the present government and set up a democratic capitalist system that seems to be in fashion all over the world.

To save the system that they set up after decades of struggle, it is the duty of the leaders of the Chinese Communist Party to suppress any counter-revolutionary movement. It is their duty to do so before it gets completely out of hand and becomes a real threat to the only effective and stable government that China has seen in this century.

The mistake of the "hard-liner" leadership in the present crisis was

that it did not move soon enough. If it had moved against the agitators in the early stages, it could have suppressed the movement without bloodshed. By its indecision and tolerance, it emboldened the demonstrators and led them to indulge in disruptive violence. The army was called in just in time.

The bloodshed, including executions, is regrettable. But it is better to shed "a little blood" than to have civil war.

The 40 years of Communist rule is the only period of stability in China in this century. It might be one of the longest periods of effective government in all Chinese history, and it has been a period of unparalleled progress and comparative prosperity. Life might have been austere, but there was comparatively little hunger and starvation. There is no question in my mind that the large majority of the people have been better off during these 40 years than in any period within memory.

If given the choice between the known benefits of the stability of the present regime and the risk and uncertainties of trying to set up a new one, the majority would undoubtedly prefer to keep the present regime. In the May 4 movement in 1919,

students demonstrated against the Versailles peace treaty awarding to Japan the rights it had wrested from China by the infamous 21 Demands of 1915. The government was about to acquiesce to Japanese aggressiveness, but the protesters had the support of public opinion. As a result, the Chinese delegates to the peace conference refused to sign the treaty.

Except for the initial attack, on May 4, on the residences of three government officials who were perceived as having sold out to the Japanese, the demonstrations were peaceful and the students quietly submitted to arrest and detention.

In the present crisis the students first called for democracy in vague terms and then demanded the resignation of Prime Minister Li Peng. In effect they called for the capitulation of the government.

They disrupted traffic, set fire to cars and buses and refused to disperse. When troops were finally called in, they resisted with fire bombs and rocks, injuring and perhaps killing a number of soldiers. It seems very unreasonable to expect the legally constituted government of China to yield to such lawlessness.

The writer is professor emeritus of Chinese literature at Columbia University. He contributed this comment to The New York Times.

Glasnost: Kuropaty Should Be Part of the Tour

By Michael Dobbs

MOSCOW — Evil Empire, rest in peace. Long five international friendship. The chairman of the U.S. Joint Chiefs of Staff joined the president of the Soviet Union last week in a superpower betrothal ceremony — a memorial service for the Cold War. Giving the bride away, Admiral William Crowe Jr. pronounced "Soviet citizens a great deal like Americans." The father of the groom, Mikhail Gorbachev, said "the notion of enemy" was being replaced by "the notion of partner."

Having watched it all, I must confess to a sense of unease. The Soviet Union that Admiral Crowe was shown is the country that Mr. Gorbachev wants Americans to see.

Admiral Crowe's most "overwhelming impression" by his own account, was an insight into "the searing experience" of World War II. Americans find it easy to empathize with a people that has suffered as much as the Russians have. But just as important for understanding the modern-day Soviet Union and its relationship with the West is something that Admiral Crowe was not shown: the equally appalling human losses inflicted on the Soviet people by their own leaders.

After touring Volgograd, the former Stalingrad and site of the World War II battle, if the joint chiefs had deviated from their approved itinerary by a couple of miles they would have come across a place that ranks with Auschwitz and Buchenwald as a haunting reminder of human cruelty. Unlike the Nazi concentration camps, the woods of Kuropaty outside Minsk have not yet become a household word.

For five years, from 1937 to 1941, people from all over Byelorussia were taken to Kuropaty to be shot. The victims included peasants reluctant to join collective farms, intellectuals,

Communist Party officials, anybody who aroused Stalin's paranoia. People who lived nearby heard the shootings, which took place almost every day and every night, but they kept quiet for almost five decades.

Kuropaty is a symbol of the Soviet Union's ambiguous relationship with its past. Mr. Gorbachev and other leaders have condemned Stalin's use of terror. But Stalinism still shapes contemporary Soviet attitudes and institutions. It is evident in the pyramidical structure of society, the widespread lack of initiative, the pervasive bureaucracy and security apparatus.

I visited Kuropaty after watching the Soviet army stage war games for Admiral Crowe's benefit across the rolling plains of central Byelorussia.

The Kuropaty graves were discovered last year by an archaeologist from Minsk, Zhenon Pazyak. He excavated a series of unnatural depressions in the soil that turned out to have been caused by the ground level subsided over decomposed corpses. Standard archaeological techniques revealed the dates of the killings as well as the fact that some of the victims had come from as far away as Latvia and Poland. The archaeologists then persuaded local residents to share their secrets.

Similar mass graves have since been found on the outskirts of many other Soviet cities including Kiev and Moscow. What distinguishes Kuropaty is the dedication of local people in publicizing the truth about Stalinism in the face of bureaucratic obstruction. A series of anti-Stalin demonstrations has been held at the site in defiance of a police ban. On May Day, several organizers of informal political groups in Minsk were fined 300 rubles (\$300) each when they addressed several

thousand people gathered to commemorate those who were killed.

Kuropaty is not simply a historical issue. The anti-Stalinist campaigners, recalling Sinyavsky, argue that a nation that fails to atone for the past condemns itself to the possibility of history repeating itself.

A country that has been capable of behaving with such cruelty to its own people may still be capable of behaving in an aggressive, militaristic fashion abroad. What is at issue here is not Mr. Gorbachev's personal sincerity, or the wartime sacrifices of the Soviet people, or even the number of tanks slashed from Soviet armed forces. It is whether the heirs of Lenin and Stalin are ready to make the kind of decisive break with the past that took place in West Germany after World War II.

It would be ridiculous to suggest that Admiral Crowe and the joint chiefs are Communist palsies. They came to the Soviet Union as guests and were obliged to show appropriate tact. If their Soviet hosts wanted to take them around war memorials, they could hardly insist on being shown the sites of Stalinist atrocities. As intelligent men at the top of their profession, they are certainly well aware of the Soviet Union's history.

There is a distinction, however, to be drawn between an intellectual understanding of the other superpower and an emotional understanding. The emotional impressions left on the joint chiefs were skewed by the emphasis on war memorials and yearnings for peace — an emphasis reinforced by the coverage in the U.S. media.

Mr. Gorbachev is the first Soviet leader to master the art of influencing the public debate in Western countries in order to advance his long-term

goals. This is not to say that everything Admiral Crowe was shown was *poka-zuka*, an old Russian word for a false show put on for foreigners.

The catch phrase of Mr. Gorbachev's revolution is *glasnost*, or openness. The present Soviet leader understands that the most effective form of propaganda is propaganda based on truth. However, as the joint chiefs return to the Pentagon it is worth making the point that *glasnost* is not an end in itself. It is a political weapon — and it can be deployed selectively.

The Washington Post.

OPINION

Capitalism's Smiling Face:
Those Takeovers Do Pay

By William Safire

WASHINGTON—Here's my plan: I'll start Pan-Global Amalgam and launch a hostile takeover bid for Anthony Lewis's column. Then we'll issue junk bonds to finance a tender for A. M. Rosenthal and Tom Wicker.

This will force Russell Baker to throw out his entrenched management and white-knight any grab for Flora Lewis. We'll reduce the huge debt by spinning off movie rights to James Reston's forthcoming memoirs.

But would it put me in play? The tax-avoiding Amalgam would be capital to Evans & Novak, backed by the Sheikh of Arab pension fund. I better get the parasitic bankers, million-a-day lawyers and lizard-lidded Arabs can stand down. Forget it, everybody.

In a giddy moment, I was thinking like a real "player"—ready to borrow billions against the assets of others and

Corporate directors should also consider the consumers, the employees, the plant community, the management, even the national industry's place in the world market. The name of that new economic system is hapitalism.

Join the world of takeover junkies with the latest rendition of synergy-whiz.

That was because I had been brought up to believe in capitalism. Washed down with mother's milk was this message: The corporation exists in the interest of its stockholders. Maximize profits, tout the stock, sell out and move to Easy Street.

You can hear that message from many stockholders of Time Inc. To avert a corporate raid, Time had arranged a stock swap with Warner, but then put it "in play" and attracted a bid from Paramount; now Time is going into hook to gobble up Warner and block the Paramount offer.

Assume for argument's sake that the Time-Warner merger would be best for the resilient company in the long run; assume on the other hand that the Paramount offer means much more cash in the bank for Time's stockholders, now largely speculators who would like to grab the money and run.

Which side should capitalists root for? Easy: the side that pays stockholders the most for their stock. If capitalism has meaning, and capital comes first, Paramount's bid should prevail. So what

if the company is overloaded with debt and it all comes crashing down in a recession? Those are the breaks; nobody is forced to buy or hold the stock.

That is why I am no longer a capitalist, strictly speaking. I believe that while the interests of the stockholders are paramount (say, 50 percent of the decision pie), corporate directors also must consider the consumers, the employees, the plant community, the management, even the national industry's place in the world market.

The name of that new economic system, keeping all these related publics happy, is hapitalism.

Therefore, do not accept the terms of the present debate. These titanic battles are not between "entrenched management," interested only in keeping power at the expense of the stockholders, and "corporate raiders and empire builders," interested only in stripping companies of their assets for the quick-killing stockholders.

On the contrary, the fundamental choice is between capitalism and hapitalism—in the definition of success. Do we measure a corporation's success only by a high price for its stock, or by its growth record and prospects for its investors and all its publics?

Today's laws and tax policy favor the pure capitalist, encouraging the debt explosion that finances the rash of takeovers. It's time the hapitalist got a break, to enable the two systems to compete on a level playing field. Here's how:

1. Stop subsidizing corporate debt at the expense of equity. End the tax deduction of corporate interest and stop taxing dividends.

2. But a social value on investment over speculation. Raise the tax on short-term gains, lower the tax on mid-term gains, and the tax on long-term gains.

3. Stop the pension-fund power grab that impedes long-range corporate planning and subverts competitiveness. Capital gains in pension funds are tax-free, causing pension managers to lean on companies to show quarterly increases, or else; tax short-term gains in these swelling funds should be taxed and the revenues should be used to reduce individual rates.

This fair deal for hapitalism permits raiders to shake up poorly managed companies, but with funds of their own; it allows successful managements who deliver for long-term stockholders—and the other five publics—to remain happily entrenched.

The alternative—doing nothing in the face of corporate borrowomania—would lead to hyperconglomeration, junk-bond panic, economic collapse and a Democrat in the White House.

Pending reform, let's go on Amalgam. My tough tender offer to Anthony Lewis is in the mail.

The New York Times



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And So They Called the Cops on Me

By Richard Reeves

SAG HARBOR, New York—The US Air flight that was supposed to take us away from it all—from Washington to the end of Long Island—was an hour and a half late. So I read the newspapers, grunting "Yes" to whatever my 4-year-old daughter said as she made the rounds of the waiting area at Gate 15 of National Airport.

I should have paid more attention. She didn't quite make one high-speed turn, ending up with a nasty looking cut under her right eye. But by lunch time we were out here, stopping first at the Post Office.

"I don't want to go in there," said Fiona, absorbed in the further adventures of Cinderella. "O.K.," I said, "I'll be out in one minute." It was a little longer than that, of course, and when I came back she was crying. "How could you leave me like that?" she said through her tears. Daughters can be tough on doing fathers.

Later that afternoon, I was working in the yard and she popped herself out the back door to say, "There's a policeman on the phone for you."

"Sergeant Murphy, Sag Harbor Police," he said. "Can you tell me how your daughter got those marks on her face? Someone saw her at the Post Office. She was crying, too."

"You're kidding," I said. He wasn't. And so I told him about the airport. "O.K.," he said. "Your story checks with the little girl's."

There was a time when I would have been amused or outraged by that call, depending on whether I thought first that people were just nuts or that they should mind their own business.

But, on this day, I had just returned

from traveling back and forth across the country, horrified sometimes at what I saw and heard. In Dallas and Atlanta I read news reports about what police are now calling "carryout rape"—men coming into houses late at night and taking out sleeping little girls. In Los Angeles, a friend back from her 25th reunion at Harvard told me that a survey of the women in the class of 1964 found that one of each 20 said she had been raped since graduation.

In North Chicago, a couple was arrested and charged with killing their 3-month-old son by forcing him to drink

sulfuric acid. For money. They filed a lawsuit claiming that the child was killed by contaminated baby formula and seeking damages from the manufacturer of the formula. In Houston, a couple was arrested for forcing their 2-year-old into traffic to beg coins from motorists.

Back in New York, the stories were of a rapist who forced his way into the East 97th Street apartment of a woman named Lourdes Gonzalez. This was at 5:15 P.M. With her three small children in the next room, the man said he had to blind her because she could identify him. He stabbed her repeatedly in the eyes and she died three hours later.

Ignoring, for the moment, rape stories on the wires from Central Park and suburban New Jersey, and choosing among horrors, I was most struck by the "carryout" cases. They were local stories, but the victims in Texas and

Georgia were only a year or two older than our youngest child, the 4-year-old. I had never heard the phrase, now cop jargon, before seeing it in a column by Rene Pederson of the Dallas Morning News. She quoted officials of the city's Rape Crisis Center as saying that the crime is common, especially in the South, where people sleep on screened porches or with open windows.

What is going on? Well, rape for one thing. A rape is reported every six minutes in the United States, according to police statistics. I would guess that many more are never reported.

There are those who say that all of this is nothing new. Rape, lust, incest, child abuse are just being openly talked about and written about for the first time. The same things have been going on, they say, since the Middle Ages and before. But nobody talked; some things are better left unsaid.

There is some truth in that. I have worked in enough places, particularly city slums and rural hill country, where such things were as obvious as they were ignored. But I have also worked enough police stories to know that the only sure indicator of violence and crime is body counts. Other statistics can be faked and misunderstood for all sorts of bureaucratic reasons. Corpses, though, mean investigation and paperwork; few deaths can be hidden. And there are more bodies around after rape these days.

So it has come to this, spying on each other to protect children. And so, I was not angry with the busybodies who called the cops on me. I was embarrassed, but they did the right thing.

Universal Press Syndicate

LETTERS TO THE EDITOR

A Dissenting View on Fang Lizhi and His Role

Regarding "Fang's Netherworld: Light a U.S. Candle" (Opinion, June 19):

As I watch the tragic events unfold in China in the aftermath of the student's protest movement on Tiananmen Square, I cannot share Orville Schell's praise and defense of Fang Lizhi, the Chinese astrophysicist and one of China's better known dissidents.

Mr. Fang may be an outspoken critic of the Chinese Communist Party but, after all, he is a former party member. Although he was vociferous about the lack of freedom of expression in China, he was allowed to have his say not only in China but abroad as well. Wei Jingsheng, Wang Xizhe, and other young intellectuals were given heavy prison sentences for having said much less and to much smaller audiences.

Having encouraged—I will not use the term incited—the students in their struggle for more democracy and greater freedom, Mr. Fang did not want to get directly involved when they occupied Tiananmen Square in April. He admitted in an interview that he wanted to keep himself at a distance. Mr. Schell asserts that the reason for this attitude was that he did not want the government to label the protest as his creation. That, however, did not prevent him from giving interviews right and left in the relative comfort of his home.

JEAN PASQUALINI, Paris

Heroes 10 years ago, Deng Xiaoping and Ayatollah Ruhollah Khomeini now depart life, or will soon do so, their hands stained with the innocent blood of those to whom they once were saviors. The corruption of power is at once boundless and incurable.

RICHARD HAYHOE, Takatsuki, Japan

Deng Xiaoping is a coward. For weeks the students were there, but neither he nor anyone from his team appeared. We even thought he was dead. But when the army did the dirty work and the square was empty, he came out of his hole to salute the army for the dirty job.

Whatever, China will be free.

T. MAKHLU, Paris

William Safire asserts in "Fang Lizhi: The Houseguest Is a Hero" (Opinion, June 13): "Our grandchildren will be studying the dramatic change of primacy in most of the world from the just for order and security to the yearning for freedom and opportunity. They will pay far greater attention to Mr. Fang, Mr. Walesa and Mr. Sakharov as the real newsmakers and authentic heroes of these times."

Perhaps our grandchildren will ask: Why were there no heroic women in politics? And we might answer: Yes, there were. The children will gain satisfaction from hearing that women started to be recognized as equal contributors in

the fight for equality and freedom during the second part of the 20th century. They deserve to be mentioned now.

RUTH C. COHN, Hasliberg-Goldern, Switzerland

Enter Europe With Caution

Edward Heath's attack on Margaret Thatcher is not surprising in the light of his record. While I disagree in part with Mrs. Thatcher, I do not disagree with the caution she displays in entering Europe while all around are losing their heads. Britain is not the most influential nation in Europe despite having the most influential leader. This honor goes to West Germany, and while it does us must try to shape our future through effective negotiation.

To be effective—and this is where I disagree with Mrs. Thatcher—we have to be within the system, which means, for example, joining the European Monetary System and not blocking every directive from Brussels.

DAVID HANCOCK, Paris

A Challenging New Era

At a meeting held in Moscow with representatives of Western peace organizations, I heard Mikhail Gorbachev say that people are tired and want change; that we must look each other in the eye, trust each other, meet halfway, create new ideas to build a better world which benefits all people.

He said that politics is lagging behind science; that time is short and we must work together to build a "nuclear weapons-free, nonviolent world" for the 21st century.

The difference in leadership with that of George Bush is that Mr. Gorbachev is expressing "a new way of thinking and looking at the world."

The result is a grand strategy to end the nuclear nightmare and move forward to a new era, including a strengthened United Nations which is able to resolve global problems. It is this overall challenge that requires a positive response.

DOUGLAS MATTERN, Palo Alto, California

GENERAL NEWS

Serial Killings of 4 Children Stun Japan

By Steven R. Weisman

New York Times Service

HANNO, Japan—With its forested hills, rice paddies and stands of peach and plum trees, this little bedroom community in Tokyo's northern suburbs has long attracted salaried workers and their families eager to buy a home away from the high costs and hazards of the city.

But in the last year, events in Hanno and surrounding towns have been anything but serene. The abductions and killings of four young girls have led the police to conclude that a single killer is responsible and could strike again.

Not in anyone's memory has there been a case of a serial killer operating in Japan, and the bizarre clues unearthed in the wide police investigation in Saitama Prefecture have generated headlines and stirred shock and morbid fascination nationwide.

Two cases were especially grisly, with the killer of a 4-year-old sending a long confessional note to a newspaper and bone and teeth fragments to the victim's family. The mutilated body of a 5-year-old turned up at a cemetery here earlier this month.

"We know the man who committed these crimes is mentally sick," said Kazushige Gogami, Hanno's police chief. "But he must look like a normal, gentle person because he lured children away so smoothly. It makes solving this case extremely difficult."

The killings have devastated this community of 70,000 people, about 50 kilometers (30 miles) northwest of Tokyo. Parents and teachers unaccustomed to such things are leashing their children not to talk to strangers or to play outside without adult supervision. Special patrols have been set up.

"I feel depressed about having to teach my kids not to trust people," said Kaneko Shindo, a mother of two who takes turns with friends walking her children to and from school.

Another mother, Masumi Imai-zumi, said: "Of course it's a dilemma. I was brought up to believe that if a stranger asks you for directions, you should always try to help and to give polite greetings."

The killings are also increasingly seen as a metaphor for the dangers of reckless modernization by Japan, with experts suggesting that a "European-American style" of crime is now terrorizing the Japanese.

Like many other communities surrounding Tokyo, Hanno has sprung up in the last few decades to meet the huge housing demand. Developers have transformed farm fields and orchards into drab high-rise apartment complexes known as mansions.

In so impersonal a habitat, said a recent editorial in the daily Mainichi Shimbun, "people do not know and often do not care who their next-door neighbors are."

"Cities are said to give people freedom," the newspaper continued. "A big city is a community where anonymity prevails and people are not bound by many of the restrictions in a country village." The danger, it concluded, lay in the "various forms of neuroses" emanating from the new ways of life.

Mr. Gogami said that the breakdown of traditionally close ties between the people and the police is also hampering the investigation. "They think that if they cooperate with us," he said, "this criminal might take revenge or that newspaper reporters and cameramen will come to their house and harass them."

The killings began last August with the abduction of Mari Kono, who lived in a 14-story apartment house here.

At first, no one wanted to believe that she had been killed. But in February came the letter claiming responsibility for the killing and the sending of fragments that suggested she had been cremated. The letter, signed with a woman's name, Yuko Imada, said the killer lured the girl into a car and then drowned her in a river.

The police thought there might be clues in the square-shaped Chinese characters in the letter, the kind used in architectural and design projects.

But church officials in Manila said they were not yet ready to blame the Communists for the assault.

The Reverend Sammy Briones, who staffs the human rights desk of the United Church of Christ of the Philippines, said the church was conducting its own investigation of the killings.

If the Communists are found to be responsible for the attack, it would be a serious blow to the public image of the 20-year rebel movement, which has tried to present itself as being concerned about the welfare of the peasantry.

There has been mounting evidence—including the recent testimony of defectors—that the Communists have embarked on a bloody internal purge of suspected informants within their ranks. Several mass graves have been unearthed in recent weeks.

The Communist movement is now widely believed to have stalled

because of the increased efficiency of the Philippine armed forces, the growth of anti-Communist vigilante movements, particularly in Mindanao, and the still-formidable popular appeal of President Corason C. Aquino.

According to the still-sketchy reports, about 100 gunmen surrounded the small church, which was packed with about 40 worshippers. When the assault began, some of the parishioners, who were armed with shotguns and traditional Philippine "bolo" knives, attempted to fight back. The battle lasted about 15 minutes.

"They just opened fire on the people," one wounded worshiper told United Press International from his hospital bed. "Men, women, children fell. There was blood all around. Some people screamed and cried."

Other witnesses said some of the attackers also appeared to have been wounded in the exchange of gunfire, but they were carried away by their comrades.

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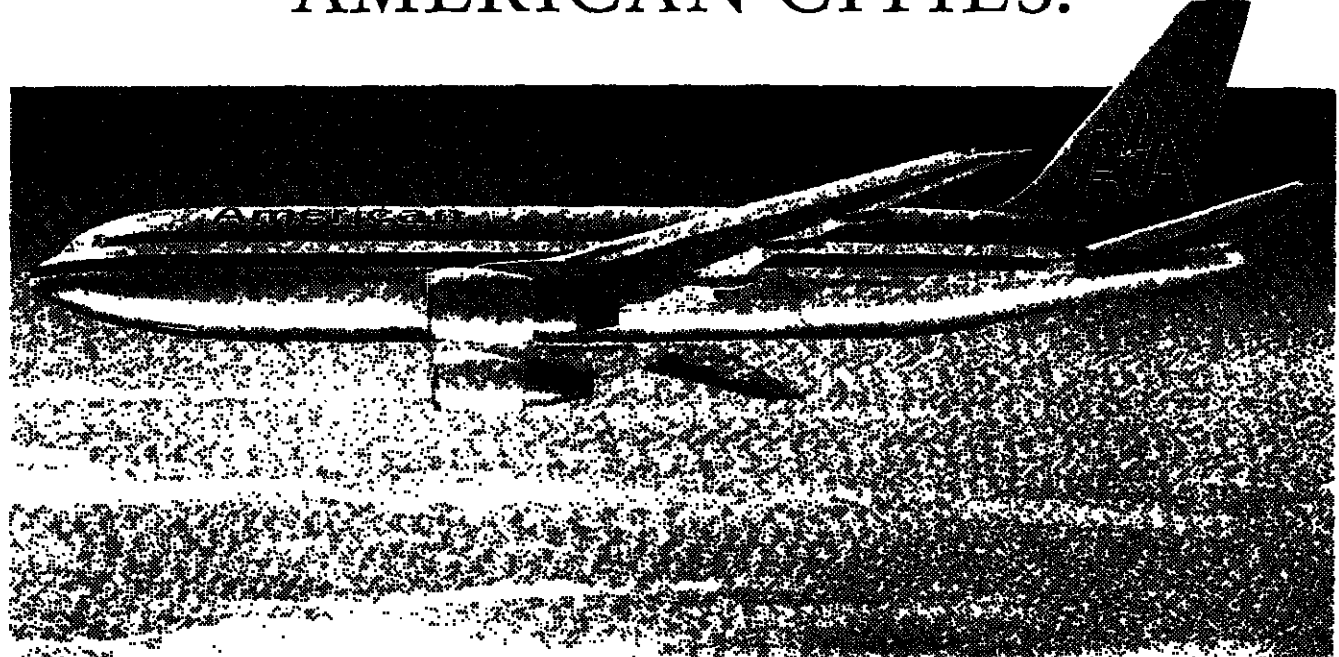
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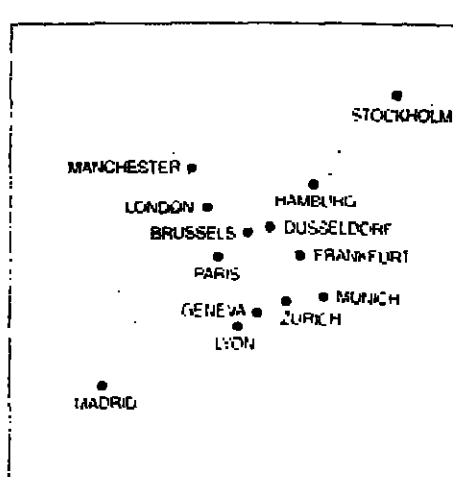
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Hungary Abandons The 'Old Socialism'

'Bourgeois Freedom Rights' Among Budapest's Values, New Leader Says

Reuters

BUDAPEST — The new Hungarian leader, Rezső Nyers, casting aside what he calls the old concept of socialism, says Hungary is the first East-bloc country to recognize Western concepts of freedom.

Mr. Nyers, 66, took the leadership of the Socialist Workers Party from Karoly Grosz on Saturday as head of a new four-man Presidium after a two-day meeting of the party Central Committee. Mr. Grosz keeps a devalued post of general secretary.

In an interview published in the party daily Nepszabadsag on Monday, Mr. Nyers said he hoped the new lineup could help create a political center in the party, which had been divided between advocates of change and traditionalists.

"The main effort of the center is a socialist reform policy that unambiguously casts away the old concept of socialism," he said. "This would settle the account for mistakes that did play a significant role in our movement."

The four-man Presidium includes Mr. Grosz, Prime Minister Miklos Nemeth and Imre Pozsgay. All but Mr. Grosz are clearly associated with the change-minded wing of the party.

Hungarian policy revisions, which include moves to replace traditional communist central planning with a market economy and to introduce a multiparty system, have drawn fierce criticism from hard-line Warsaw Pact members.

Mr. Nyers said, "Of course one has to be aware that there are communists who see reform politics and reforms as an abandonment of genuine socialist politics. They consider it as some kind of unprincipled concession to bourgeois thinking."

He said, "There is something in this to the extent that we are raising bourgeois freedom rights up among socialist values."

Asked by the interviewer if he meant that Hungary now regarded such rights as universal human values, Mr. Nyers replied:

"Yes, and this is a new phenomenon in a socialist state."

Advocates of change say that Mr. Grosz, now seen as an centrist, has been overtaken by the very policy revisions that he made possible by ousting Janos Kadar as Hungarian leader 13 months ago.

The Presidium was designed to hold the party together until a special congress, set to begin Oct. 7. The Congress is to prepare the party for Hungary's first multiparty elections since 1947.

"My role could be that of an integrator," Mr. Nyers said. As party president, Mr. Nyers will head a new 21-member "Political Executive Committee," replacing the old nine-member Politburo. He will also take charge of party talks with the emerging political opposition.

The Central Committee also nominated Mr. Pozsgay, 55, a leading advocate of change, as president of the republic, a post that is expected to be introduced by early next year. The post is being created partly to preserve political stability during a period of change.

Hungary's first multiparty elections are due to take place within a year. A recent opinion poll indicated that only 36.5 percent of the population was likely to vote Communist.

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DISGRACED HERO — General Arnaldo Ochoa Sanchez, who commanded Cuban troops in Africa, was shown on television before pleading guilty to drug trafficking and other charges in front of a military jury of 47 officers. Raul Castro, head of the armed forces, said, "This infamous accumulation of crimes and acts of disloyalty is an outrage, a stab in the back." Some reports in the media said that the general and other accused persons had been pressing for political changes.

In Paraguay, Leader Shows a Light Hand

By Eugene Robinson

Washington Post Service

ASUNCION, Paraguay — Fresh from an overwhelming election victory in May, President Andres Rodriguez soon encountered a major problem.

Pressure had been mounting in the countryside over the issue of land ownership virtually throughout the 35-year tenure of his predecessor, General Alfredo Stroessner, whom General Rodriguez overthrew in a coup more than four months ago.

As land ownership became more concentrated, landless peasants grew angrier. With General Stroessner's police state suddenly dismantled, the peasants finally had the chance to act, and they began occupying unused parcels of privately owned land.

General Rodriguez had to end the occupations, but he also had to avoid a heavy-handed response that would have brought to mind the Stroessner days. His solution is just the latest example of the untested political skill the career military officer has displayed in his new role.

He convened a meeting of all the major political leaders, including

opposition figures, and asked for their support in a program of land reform, which he called the nation's most pressing problem. However, he insisted that until the reforms could be implemented, private property rights must be respected, and that the peasants had to leave the occupied parcels of land.

He brought in the army to oversee the removal of the squatters,

from his first crisis with few scars, the nearly unanimous praise of political leaders and valuable time to look for a permanent solution.

"It was absolutely brilliant," said one diplomat. "Rather than being bashed on the head, Rodriguez is being celebrated."

General Rodriguez, 65, continues to enjoy great popularity in Paraguay as the man who deposed

paper shut down by General Stroessner and now reopened, has published long, penetrating articles on official corruption under General Stroessner. Even newspapers that were loyal to the former dictator have denounced the ways of the old regime.

Local newsmen said, however, that one taboo remains: The press is silent on the issue of General Rodriguez's own enormous personal wealth, amassed over many years under General Stroessner's system of officially sanctioned corruption.

In part to decrease the incentive for military officers to pad their incomes through corrupt activities, and in part to ensure their loyalty so that what happened to General Stroessner does not happen to him, General Rodriguez supported and won a 70 percent increase in military salaries.

General Rodriguez has not, however, significantly diminished the control of his Colorado Party. He has a not, for example, changed the provision that military officers must be party members, or arrangements specifying that party dues are automatically deducted from the salaries of government workers.

General Stroessner. Opposition leaders and foreign observers have watched for signs that he is wavering in his promised commitment to an open, democratic society, but so far those signs have not come.

Nor have there been signs that he is planning to renege on his promise not to seek re-election four years from now.

The press, tightly controlled under General Stroessner, has become bolder. ABC Color, a news-

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Wretched, and Getting Poorer

Nicaragua's Economy Is Worst in Region, Study Says

By Mark A. Uhlig

New York Times Service

MANAGUA — After a decade of war, political conflict, and U.S. trade sanctions, the once-vibrant Nicaraguan economy has shrunk so far that it may now be the poorest in the Western Hemisphere, with deeper hardships to come, a new study has found.

The confidential study, prepared by an international team of experts at the request of the Nicaraguan government, uses formerly secret data to provide the most comprehensive view of the economy since the revolution in 1979.

It presents a picture of a devastated nation where consumption has been cut by more than 70 percent and where per capita output has fallen below that of such wretchedly poor countries as Haiti.

The authors of the report assert that recovery will be achieved only through a sweeping reversal of long-held Sandinista priorities, including a halt to land redistribu-

tion, a broad new emphasis on private-sector production, and severe cutbacks in government spending for military forces and educational and medical projects.

The carrying out of such measures has become the consuming priority of the government, which is also struggling with a significant drop in aid from the Soviet Union and other East-bloc countries.

But the harsh new austerity has produced new problems of recession and unemployment. And recovery has been hindered by the scale of the current crisis, which has generated such uncontrolled inflation — 161 percent in a recent two-week period — that traditional tools of economic policy and measurement are of limited use.

To combat inflation, the study envisions a broad new tax of 20 to 30 percent. Such a tax would probably be a tough new test of the government's popularity.

Among its findings, the study urges an accommodation between the government and private producers. But faced with growing public unrest, the government has begun instead to use its broad police powers to preserve order and uninterrupted production.

Last week, it also revived its practice of confiscating the property of its political opponents and private-sector critics, whom it has labeled saboteurs.

Those actions have served to drive a further wedge between the government and private producers. And opposition leaders say they intend to focus on the country's economic plight above all other issues in national elections scheduled for 1990.

"At this point, they do not know where to find the solution," said a non-American diplomat, referring to Sandinista leaders. "They seem to have reached the limits of their ability to manage the crisis."

In the early 1970s, the Nicaraguan economy had one of the highest growth rates in Latin America, fueled by a thriving export trade in such products as cotton and coffee.

In analyzing subsequent events, Sandinista officials note that the government treasury that they inherited in July 1979 had been looted by the former dictator, General Anastasio Somoza.

Since then, they say, the country has borne the cost of restructuring the economy to eliminate the concentrations of wealth that existed under the Somoza regime. They argue that recovery was aborted by

the U.S. trade embargo and, above all, by the war against the U.S.-backed Nicaraguan rebels.

That interpretation is sharply disputed by opposition economists, who assert that the government's own policies drove away many of the country's most knowledgeable businessmen through taxes, arbitrary rules, and confiscation.

The report does not clearly support either view, but it leaves no doubt that the final result has been nothing short of catastrophic.

Since the beginning of the revolution, it reports, the size of the Nicaraguan economy has shrunk by nearly one-third. Exports now pay for only one-quarter of the cost of imports, and more than half of the total export earnings for 1989 were already spent, through borrowing, by the end of 1988.

Since 1981 alone, the study finds, the buying power of workers' salaries, excluding noncash payments in food or other goods, has plummeted by more than 92 percent. Based on population statistics and other data presented in the report, per capita gross domestic product has fallen to the equivalent of about \$300 a year. That is less than the comparable figure of \$330 a year for Haiti, long the hemisphere's poorest nation.

The study predicts that overall economic production in Nicaragua, which fell by 8 percent last year, will fall by at least that much again in 1989. Industrial production in 1989 is predicted to shrink by about 20 percent.

The report's predictions, moreover, were made before a new round of devaluations and inflation this month cut the value of the Nicaraguan currency, the córdoba, by more than two-thirds against the U.S. dollar.

The 48-page report notes that the process of reviving the economy has been greatly hindered by the U.S. trade embargo, as well as American diplomatic pressure aimed at discouraging lending or aid from multilateral institutions like the International Monetary Fund.

The report's findings were presented last month to a meeting of potential aid donor countries in Stockholm and were reportedly presented by President Daniel Ortega Saavedra on a recent trip seeking new aid from European countries. But Sandinista officials have said that the trip and meeting produced only a fraction of the aid that is needed.

Angola Truce Is a Triumph for Savimbi

By Kenneth B. Noble

New York Times Service

KINSHASA, Zaire — Rushing through the airport here last week, the Angolan rebel leader, Jonas Savimbi, found himself unexpectedly sharing a lounge with President Joaquim Chissano of Mozambique.

Mr. Chissano, a Marxist, hugged Mr. Savimbi and offered him a lift on his personal plane.

It was a courteous gesture among African leaders, particularly among ideological foes, that would have been "unthinkable a week ago," a U.S. diplomat remarked.

The cease-fire agreement between Mr. Savimbi and the Angolan government, which took effect Saturday, otherwise produced no concessions on the issue of whether the rebel forces have a fair claim to a share of power.

But the willingness of the African leaders to deal with both sides as equals was a symbolic triumph for Mr. Savimbi, Western diplomats here said.

In the past, Mr. Savimbi, leader of the National Union for the Total Independence of Angola, or UNITA, was treated as a pariah by much of black Africa. He was shunned as a "puppet" for accepting military aid from the United States and South Africa.

Angola's Marxist government refused to negotiate with him, even though his group says its forces control a third of Angolan territory and are able to wage guerrilla warfare through much of the country.

"The picture of Savimbi sitting down with the other African leaders has given him a legitimacy that

he has never had before," a Western diplomat said. "And this may be more important in the long run than the cease-fire agreement."

Until last week, Mr. Savimbi and his movement in the Angolan bush had been largely cut off from the outside world. This situation began in December, when South Africa stopped flying aid, and journalists, into rebel-controlled territory.

In the view of diplomats in Kinshasa, the capital of neighboring Zaire, the cease-fire will allow the Angolan rebels to replenish their ammunition and supplies, as well as provide a psychological lift.

"Savimbi gave up very little," a Western envoy said, "and he has potentially gained a lot more breathing space. He was dead in the water before the summit."

Since 1986, the United States has been providing Mr. Savimbi's rebels with about \$15 million a year in military assistance, including Stinger ground-to-air missiles. Their officers refuse to divulge the size of their forces, but Western analysts estimate that the insurgents have about 28,000 regulars and as many as 37,000 other fighters.

The meeting of African leaders also provided Zaire's president, Mobutu Sese Seko, with a well-timed opportunity to play the role of Africa's elder statesman on the eve of his visit to Washington this week. He will meet with President George Bush and Secretary of State James A. Baker 3d.

"Mobutu is not an insignificant individual," said a U.S. diplomat who said he was impressed by the Zairian leader's ability to organize the meeting so swiftly. "He seized the initiative."

Perhaps most important for Zaire, the Angola peace talks have already yielded some movement on rehabilitating the Benguela railroad, an east-west link that is vital to the economy of Angola as well as to the landlocked states of southern Africa. The line has been repeatedly damaged by rebel attacks.

The Angolan president, José Eduardo dos Santos, insisted as recently as three weeks ago that he would not agree to a political solution that would allow Mr. Savimbi to be part of a coalition government. In the view of diplomats in Kinshasa, that scenario, though still remote, no longer seems to be out of the question.

An important factor in the Angolan government's decision to negotiate with Mr. Savimbi, a Western diplomat said, may have been pressure from the Soviet Union. The Soviets have made no secret that they are wearying of pouring money into a conflict that no one could win.

Another factor propelling the Marxist government toward the bargaining table, diplomats say, was the international accord reached last December for the withdrawal of the Cuban force that has protected Angola's government since independence in 1975.

Western analysts have expressed skepticism that Angolan troops could have maintained control without the Cubans.

"Maybe they want to strike a deal while the Cubans are still there, while they still have some leverage," one diplomat said.



A Democratic Turnhalle Alliance worker demonstrating the party's campaign sign for potential voters at a rally in northern Namibia.

Namibian Campaign Starts Exuberantly

By Jane Perlez

New York Times Service

OSHAKATI, Namibia — The long-awaited election campaign intended to decide the political complexion of independent Namibia has started with a burst of exuberant rallies, oratory to match and no visible hitches.

Here in the north, in the fertile reaches of the largely desert territory, 15,000 supporters of the South-West Africa People's Organization, the guerrilla movement that has fought for independence from South Africa, sang freedom songs beneath a midday sun.

Under a large blue, red and white tent a few miles away, in a scene reminiscent of a revival meeting, a smaller crowd listened to the leaders of the Democratic Turnhalle Alliance, a coalition of a dozen black, mixed-race and white political groups that has dominated pre-independence administrations.

The start of the campaign over the weekend came earlier than expected — voter registration is not scheduled to begin until July 1 — and marked another step in the UN-supervised independence plan for the territory, which is also known as South-West Africa.

Leaders of SWAPO, many of them exiles who fled because of their anti-South African politics, have been returning during the last two weeks to prepare for the election that will choose a constituent assembly and end 74 years of South African rule.

"We are going to give SWAPO the two-thirds majority right here," asserted Oswald Shivute, a member of the group's Oshakati executive committee, as he marshaled people in and out of the rally ground.

Speaking in the Ovambo tribal heartland, the center of SWAPO strength, Mr. Shivute may have been overstating the case. But two-thirds will be a benchmark figure in the Nov. 1 election.

SWAPO is widely expected to win a majority in the vote for the assembly that will draw up a constitution, but if it wins two-thirds it will be able to form a government on its own.

The Democratic Turnhalle Alliance, led by Dirk Mudge, the finance minister in the pre-independence government, is campaigning to hold the SWAPO margin below two-thirds and thus force a coalition government.

The two parties are competing for allegiance among an estimated 750,000 voters in the population of 1.3 million.

Roughly 85 percent of Namibians are black; the percentage is even higher in the north, where the Ovambo are the dominant ethnic group.

Still, the alliance operatives who

ran an organized, well-financed, two-plane weekend campaign swing over vast distances for Mr. Mudge and his vice president, Mshaka Muyongo, seemed heartened by their prospects.

In Katima Mulilo, a town on the Zambian border, several thousand people carrying alliance placards ran and sang alongside a pickup truck carrying Mr. Mudge and Mr. Muyongo. Many had been bused in from outlying villages the night before and given a free meal, a party T-shirt and lodging.

Truckloads of territorial policemen parked under shade trees alongside the white vehicles of UN soldiers who have been assigned to ensure free and fair elections.

In the Ovambo area, UN officials have expressed concern that the campaigning could be thrown into turmoil by South African-led counterinsurgency forces who have been incorporated into the local police. But there was no apparent interference by security forces at the rallies Sunday, and a high-spirited tone prevailed at both.

As a few cars covered with alliance posters drove along the crowded road outside the SWAPO rally, there was good-natured heckling.

SWAPO supporters, taking part in their first mass political outing in 11 years, flashed clenched fists, and alliance backers responded with victory signals.

Simon Kaukungwa, a SWAPO leader who had been away for 25 years, addressed the crowd and called for a spirit of forgiveness.

"We are not advocating a one-party state," he said. Declaring that SWAPO could count on the support of Namibian business, a group generally supportive of the alliance, he added: "We won't bite the hand that is now feeding us."

The police said he jumped at about 11:00 A.M. and struck a 14-year-old girl who was with a group visiting the site. Both died instantly, the police said. (AP, UPI)

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Madrid Shadows

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Hanae Mori: Fashion That Fuses East With West

PARIS — Fashion's Madame Butterfly has alighted briefly in her Paris salon. She sits quite still, lacquer-black hair above a fuchsia jacket.

"They call me the Iron Butterfly," says Hanae Mori, who celebrates 35 years of fashion in Tokyo on Friday. A retrospective exhibition of her work and a gala dinner will be the Japanese designer who has broken down barriers in a traditionally male society and fused East with West.

SUZU MENKES

"My major work has been to bridge the two cultures of Western and Asian style," she says. "Because of the exhibition, I have been thinking about my work. I have brought something into Japan that is completely Western: my clothes. But then I have transformed them with very Japanese beauty. It has not been perfect — but that is what I have been striving for."

It is an accurate summary of Hanae Mori's achievement. She is a graduate in Japanese literature with a business that spans the globe. Yet, in spite of a fiercely loyal clientele in the United States, she still does not speak English well.

Her clothes speak for her: tailored suits and neat dresses that express in their silhouettes a certain butterfly-wing fragility; colors that are clear and translucent; fluid evening dresses painted with the spare but exotic blooms of the East. In a recent couture collection she used Japanese calligraphy as a delicate grey-on-ivory pattern on chiffon.

"My earliest fashion memory is when I was very, very small," she says. "There was a festival and I was wearing a kimono with long



Hanae Mori (above) photographed by Richard Avedon; at right, a Hiro photograph of a 1983 black and white silk gazar design that will be on exhibit in Tokyo in July.



sleeves. It was made of silk crepe and I shall never forget the feeling of the material and its pattern of butterflies and flowers." She paints a vivid picture of herself — a doctor's daughter — clapping her hands with pleasure as the parcel of kimonos arrived from Tokyo.

She likes to show "the drama of life" through clothes — just as she did when she started her career as a costume designer for the cinema in the 1950s, before she opened her first Tokyo store on the Ginza in 1955. There are now 67 Hanae Mori shops in Japan, a flagship

store in New York, one shop in Monaco and two in Paris, with a new store opening on the Faubourg Saint-Honore in July.

She still designs for the movies, and has recently been working on a life of Kafka starring Valerie Kaprisky and on a children's musical in Tokyo. She has worked in the cinema with the directors Akira Kurosawa and Kenji Mizoguchi, and she suggests that her cinematic background has altered her perceptions of fashion.

"I am different from other women designers because of working in

films," she says. "It taught me to look at women from the standpoint of a third person, not from a personal point of view."

She was drawn to Paris fashion by a meeting with Coco Chanel in the 1960s, when the veteran designer, sensing perhaps a kindred fashion spirit from the East, announced, "You have magnificent black hair, we must dress you in orange like the sun."

Hanae Mori realized her dream of setting up her own couture house in Paris, and was accepted as a member of the Chambre Syndicale

de la Haute Couture (its only Japanese member) in 1977. That was just before Japan's new wave designers broke into French fashion in the 1980s, shocking the establishment with their brutal rejection of accepted Western norms of silhouette and structure. Hanae Mori stood apart. Her clothes are conventional enough to have been worn by Princess Grace of Monaco and presidents' wives — among them, Nancy Reagan.

The fashion house is built on the Parisian couture model. Madame Mori sees it as the fountainhead of her creativity, describing the designs as emerging from the best materials "little by little, like making a sculpture." The couture and its private clients are supported by a ready-to-wear and franchise business that grossed \$400 million in 1988.

She reflects on the changes she has seen: clothes no longer structured for ritual occasions, women free to cast off the layers of underclothes that she used to see in the fitting rooms; the wave of color that broke over Japanese women when they were liberated from a uniform khaki and navy blue.

But she still finds fundamental differences between Asian and Western women.

"It's very interesting and enjoyable to create for American customers because each person wants to stress her individuality," she says.

In Japan, pattern and embroidery is traditionally hidden on the inside of a kimono, reflecting the philosophy that beauty in a woman comes from concealing her individuality. All of Hanae Mori's work has a restraint and discretion, without seeming austere, that is seen especially in the gentle tailoring. She herself is steeped in her country's culture.

"I have a small treasure chest hidden among my feelings," she says. "I pull out each drawer and try to find the treasure that best fits the culture and the age we are now living in."

The exhibition will be held July 4 to 16 in The Space, on the fifth floor of the Hanae Mori building in Tokyo, a futuristic glass edifice designed by architect Kenzo Tange.

The exhibition will be preceded by two days of fashion showings for the public. There are plans to bring the show, which is a synthesis of archive and current material, to Paris next year. An art book, with photographs by Hiro, Lord Snowdon and Guy Bourdin, will be published in Tokyo in a Japanese-English joint edition in the fall.

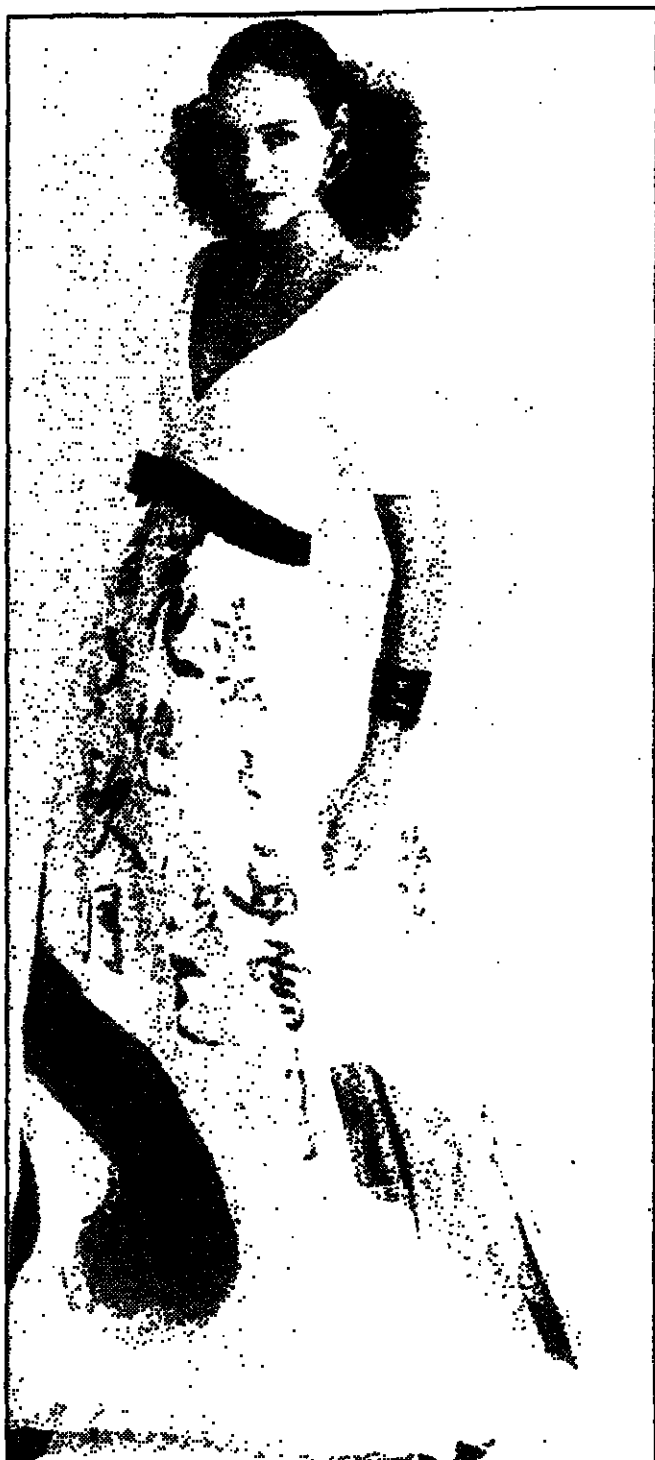
Hanae Mori, who plays host on Friday to friends and clients from round the world, is now 63. She has two sons in the business, one in charge of the Hanae Mori Foundation, which works on cultural events bridging East and West; the other the chairman of her French company.

Her husband, whose family is in textiles, has always been her business partner. In her personal life, Hanae Mori has therefore retained traditional values, in spite of pioneering a commercial empire.

"Family is very important to me," she says. "And they have all contributed in some way to the business. If it came to choosing between my family and my work, I would choose family."

Her success, against the odds and against her culture, is a parable for women in both East and West.

"The fight was always within myself," she says. "To fight means to become stronger. I loved my work. I loved what I was doing and I was healthy. I am thankful that I was able to come through."



Dress from 1989 collection featuring calligraphy on chiffon.

Paul Simon in Russia: Rock and Reality

By Michael Dobbs
Washington Post Service

MOSCOW — It was a novel and exhilarating sight, even for a city that is beginning to get a little jaded by the procession of American rock stars.

Paul Simon was on stage, his fist thrust upward in a black power salute. Exiled black singers were singing "God Bless Africa," the anthem of the African National Congress. Shouts of "Power to the people" in Zulu rang out from African students in the audience.

The Soviet government has been providing rhetorical support to the anti-apartheid struggle in South Africa since it began. But there is all the difference in the world between an official cause and a popular one. The black liberation movement is one of those issues that has provided fodder for countless editorials in Pravda, but has never excited any particular emotion from ordinary Soviet citizens.

At first the Soviets did not seem to know quite what to make of the first international anti-apartheid rock concert to hit the capital of world communism. But the audience gradually got into the mood, particularly after the stage was practically stormed by U.S. Embassy Marine guards who behaved as if they had subsisted on a diet of "Graceland" albums ever since they had arrived in Moscow.

By the end of the three-hour show in an open-air theater in Moscow's Gorky Park Saturday night, Soviet soldiers were placing their caps on the heads of jitterbugging American teen-agers. African students from Patrice Lumumba University here were dancing deliriously on benches. Soviet youths were swaying back and forth to "The Sounds of Silence" as flames from hundreds of cigarette lighters flickered in the darkness.

Simon's two concerts in Moscow are the highlight of a nine-country

European tour that opened in Brussels earlier this month. The 47-year-old musician is traveling with a group of exiled South African singers, including Hugh Masekela and Miriam Makeba, as well as the core of the Graceland Band.

"People seem to have a thirst for this kind of music," said Simon, whose albums have never been marketed here but are widely available on bootlegged cassettes. "It's good that we can satisfy it, at least partially."

Simon, who is making his first trip to the Soviet Union, has made time for sightseeing. In Leningrad ("what a beautiful city"), he took the hydrofoil and visited "a hilariously bad nightclub revue." In Moscow he wound down from his opening concert Saturday by spending four hours at the annual all-night street party thrown in one of the "foreign ghettoes," apartment blocks reserved for diplomats and foreign journalists.

Masekela is considerably less diplomatic about Moscow, describing the Soviet capital as "a mid-'60s version of Lagos, Conakry and Pretoria, all mixed together." The corruption reminds him of capitalist Nigeria, the bureaucracy of socialist Guinea and the "latent racism" of white South Africa.

"South African kids live in complete squalor; the conditions are heartbreaking," said Masekela, who visited a student dorm at Patrice Lumumba University. "They tell us that they find Russian society racist, that they are frequently called monkeys."

But the Pretoria-Moscow comparison involves more than simply racism. "We walked down to Red Square the other day. It was like going to the union building [government offices] in Pretoria. People blow whistles at you all the time. There are certain places where you should walk and other places where you shouldn't walk. But you have absolutely no idea which is which."

Many of the Soviets among the more than 3,000 concertgoers who attended Saturday night's performance had first listened to Paul Simon songs back in the '60s, when they had the exotic taste of forbidden fruit. The first recordings of Western rock records were made from Voice of America and British Broadcasting Corp. shortwave radio broadcasts. Then, as Soviets began to travel, albums would be smuggled back into the country.

"We have clubs where we exchange albums of Western rock stars. It's impossible to buy most of these albums here, so we simply copy them from other people," said

Leonid Danyushevsky, who has five Paul Simon cassettes in his collection. "I can't live without this music."

The ANC anthem, which concluded the show, had the Marines on their feet, clenching their fists. The Soviet spectators looked bewildered, but it did not matter to the exiled South Africans making their first appearance in a communist country.

"Basically we sing this for ourselves. If people understand it, that's fine. It gives us a certain kind of mournful solitude," said Masekela.



Paul Simon on stage in Moscow.

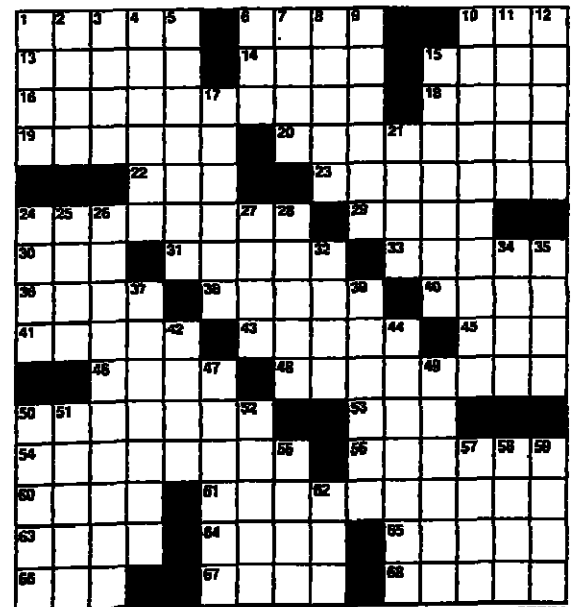
The Associated Press

Simon's two concerts in Moscow are the highlight of a nine-country

- ACROSS**
- 1 La — Vito
 - 6 On — with (requal to)
 - 10 Welcome item
 - 13 Paragon
 - 14 Fad
 - 15 Yearning sound
 - 16 Very clever planner
 - 18 Crucial letters
 - 19 Pulley wheel
 - 20 String on the finger, e.g.
 - 22 — Palmis
 - 23 Bet
 - 24 "It was — by despair" Marvell
 - 29 Swelling
 - 30 Gig implement
 - 31 "The — Sanction" Trevanian
 - 33 Laughing
 - 36 Kin of P.D.O.
 - 38 Church areas
 - 40 Entertainer Adams
 - 41 Pointed Comb form
 - 43 Sandy hills at Eastbourne
 - 45 — out (supplement)
 - 46 Long-run TV hit
 - 48 Happened again
 - 50 Categories
 - 53 Actress Hagen
 - 54 Surpasses in a logomachy
 - 56 Humes
 - 60 Adult chigger
 - 61 Peak in the Pennines
 - 63 Ripening agent
 - 64 Fancy case
 - 65 Causing goose pimples
 - 66 Gentleman's title
 - 67 Waller items
 - 68 Armada conqueror

Solution to Previous Puzzle

GRID	CAPS	PAST
RICER	ALEC	UPTO
ADELA	DISH	ZION
DELIBERATE	ZANY	
LIVES	MILNE	
PATEDE	BENE	
APEX	RHEE	CORAL
SINCE	AWL	AVISO
SATON	TELL	ELKO
GORE	ARREST	
WHITE	SAVE	
SHUT	PONDERED	ON
LOMA	AGED	USAGE
ALIT	TELL	NOTRE
PEDE	TELE	SEED



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- DOWN**
- 1 Loses sharpness
 - 2 Harlem room
 - 3 — majesty
 - 4 Bison's cousin
 - 5 Raise
 - 6 Law's limb
 - 7 Full-house component
 - 8 A Vice President under Nixon
 - 9 Winter Ban Ray
 - 10 Telepathist
 - 11 Jibe
 - 12 Last stop before home
 - 15 For an indefinite period
 - 17 — soft peace
 - 21 Stravinsky
 - 24 Serpentine squeezers
 - 25 Bridge position
 - 26 Intellect
 - 27 Hoople's expletive
 - 28 — on Sunday, 1980
 - 32 Painter Magritte
 - 34 U.S. missile
 - 35 — off (angry)
 - 37 Wall coating
 - 39 Hold fast
 - 42 Pelton's partner
 - 44 Sewed up
 - 47 Head protector
 - 49 Slice of bacon
 - 50 Slippers
 - 51 Playwright Prandello
 - 52 Emulate Dorothy Hamill
 - 55 Flabbergast
 - 57 Israeli dance
 - 58 Actor Estrada
 - 59 Old dirk
 - 62 — the season

U.S. Entertainers Cancel Concert in Black Homeland

The Associated Press

JOHANNESBURG — The Commodores, a black American singing group, has canceled a July concert in Sun City because of pressure from anti-apartheid groups.

The South Africans Musicians Alliance warned last week that it planned protests against the group's visit to Sun City, the capital of the nominally independent black homeland of Bophuthatswana. Anti-apartheid advocates object to the homeland system that designates certain areas of the country for specific tribes.

"This action restricts cultural freedom in the same way that apartheid abuses people's freedom of speech and choice," said Hazel Feldman, entertainment director of Sun International. She said 80 percent of the 30,000 tickets sold for the July 7 concert were bought by blacks.

"The Commodores, who have won awards in the States for their commitment to the people by the NAACP, were deeply sincere in their belief that their trip would bring joy to their thousands of fans, while focusing on their commitment to the abolition of apartheid," she said Monday.

Sun City, South Africa's version of Las Vegas, pays premium prices and has attracted such acts as Frank Sinatra, Rod Stewart, and recently, Laura Brannigan and Irene Cara.

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Ahgrl	5147	9	8 1/2	8 1/2	+
Amel's	3934	25	20 1/2	20 1/2	+
NY Tim	3317	5	4 1/2	4 1/2	+
Westco	1985	7	6 1/2	6 1/2	+
Echon	1426	14	14	14	+
Worlde	1404	14	14	14	+
A-Edm SC	1391	18	18	18 1/2	+
Amel	1363	4	3 1/2	3 1/2	+
OWG	1408	12 1/2	12 1/2	12 1/2	+
Karner's	1406	19	19	19	+
Famly	1276	9	8 1/2	8 1/2	+
Barr's	1327	30 1/4	30	30 1/4	+

AMEX Stock Index				
	High	Low	Close	Chg.
364.3	364.3	364.0	364.0	-0.3

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Incentives Keep Sears in Illinois

By Bill Peterson
Washington Post Service

CHICAGO—Sears, Roebuck & Co., ending a national bidding sweepstakes, announced Monday that it will move its 6,000-employee merchandise group from Sears Tower in downtown Chicago to suburban Hoffman Estates.

The move, part of the corporate restructuring Sears began last fall, was a major victory for the state of Illinois, which beat out two other states. Up to this point, Illinois had finished out of the running in a series of corporate bidding wars in recent years.

The state offered Sears an incentive package worth \$61 million. Local tax breaks were estimated at \$178 million.

The Chicago Tribune quoted unidentified sources as saying the deal is contingent on the legislature changing tax laws to enable Sears to acquire up to 600 additional acres (242 hectares).

The move is a big defeat for the city of Chicago, the Sears headquarters for the last 102 years, as well as Raleigh and Charlotte, North Carolina, and Dallas. The Sunbelt cities had made aggressive efforts to capture one of the biggest economic-development prizes of the year.

Sears, the biggest retailer in the

United States, is the largest corporation headquartered in Chicago. The city offered a prime, 200-acre site near O'Hare International Airport virtually free to keep the merchandise group within the city limits.

The chairman of Sears, Edward Brennan, said at a press conference that the larger, 700-acre Hoffman Estates site, located 35 miles (57 kilometers) northwest of Chicago and 18 miles from O'Hare, was chosen because it better fit the company's needs.

Sears intends to build a campus-like headquarters for its merchandise group, the company's largest single division, and to develop the remaining land for other compatible tenants.

The move is to take place within three years, Mr. Brennan said. "We believe this Chicago land location will serve the best interest of our company and its shareholders for decades to come."

Mr. Brennan and Governor James Thompson tried to cushion the loss for the city of Chicago by going out of their way to praise the efforts of newly elected Mayor Richard M. Daley.

Mr. Brennan said the O'Hare site did not make the final site because of its size.

The giant retailer set off a national bidding sweepstakes last fall

with the announcement that it intended to sell the 110-story Sears Tower, the world's tallest building, and seek cheaper quarters for its merchandise group.

The move was part of a restructuring designed to convince shareholders and Wall Street that Sears was not floundering and to raise money to buy back 10 percent of its stock to thwart any hostile takeover bid.

Sears officials evaluated 50 sites, narrowing the field in recent weeks to six finalists.

They included Hoffman Estates and O'Hare along with sites in Dallas, Raleigh and Charlotte.

Mr. Brennan, however, made it clear from the beginning that Sears "would prefer to remain in the Chicago land area."

There was skepticism in some states about Sears' desire to relocate.

"A lot of us thought that this was all a bidding game to see how far Chicago would go," a North Carolina official said.

Meanwhile, the Sears Tower is still for sale.

The company had hoped to sell the 15-year-old Chicago landmark for upwards of \$1.2 billion. But four bids reportedly under consideration all fall short of \$1 billion.

Prime Deal Brings the Original Venture Capitalist Back Into Action

New York Times Service

NEW YORK—J.H. Whitney & Co. has been around since 1946 and is a pioneer in venture capital, but it has been relatively quiet through the heavy company buyout days of the 1980s.

That is, until last Friday, when Prime Computer Inc. agreed to be acquired by Whitney in a bid valued at about \$1.25 billion.

Prime has approved a plan in which Whitney will make a tender offer for 79 percent of Prime shares at \$21.50 each.

"We have been observers of Prime and think highly of the company," said Don E.

Ackerman, a Whitney partner, who said Prime represented Whitney's largest deal in recent times.

Whitney's managing partner and a founder of the company is Benno C. Schmidt, 75. He was a long-time business partner of John Hay Whitney, the financier and publisher, who died in 1982.

Mr. Schmidt is chairman of the Memorial Sloan-Kettering Cancer Center and is known as a philanthropist. His son, Benno Jr., is president of Yale University.

The company was founded by Mr. Whitney, who put up \$10 million after World War II to finance entrepreneurs with risky dreams who were unwelcome at banks.

Mr. Whitney hired Mr. Schmidt, a Texan, to run the company, which was described as a lender of "private adventure capital." Mr. Schmidt shortened the term to "venture capital."

"J.H. Whitney has always done buyouts," even before the term "leveraged buyout" was conceived," Mr. Ackerman said.

His first was the purchase of a World War II munitions plant in Kansas that was converted into a successful chemical company, Spencer Chemicals, he said.

In the 1980s, Whitney has concentrated on technology-based investing, Mr. Ackerman said.

It bought Metro Mail, a company with a mailing-list data base, for \$30 million from Metromedia Inc.

"We grew the company and took it public, and sold it two years ago to R.R. Donnelly for \$275 million," Mr. Ackerman said.

Mr. Ackerman, 55, and two other partners worked on the Prime Computer deal. They are Russell E. Planitzer, 45, and Peter Castelman, 33.

Mr. Planitzer is married to Mr. Schmidt's stepdaughter, the former Ruth Gardner Fleischmann. He worked for Prime after he graduated from Harvard Business School.

Tampella to Buy Italian Packaging Firm

Reuters

HELSINKI—The Finnish engineering and forest industry group Oy Tampella AB said Monday that it had signed a contract to acquire the Italian packaging company Carta Cartoni Cellulosa Group for an undisclosed sum.

The Italian group consists of three paper mills, two corrugated sheet and box plants and a partly owned box plant.

Its annual net sales are about 110 billion lire (\$77.7 million), Tampella said in a statement.

Part of the deal would be paid for with an issue of up to 632,500 shares to CCC. Detailed terms for issue would be worked out later, Tampella said.

CCC would produce about 130,000 tons of paper in 1989, about 14 percent of domestic consumption for corrugated board.

It would also produce about 130,000 tons of corrugated board and 60,000 tons of boxes, a market share of about 7 percent, Tampella said.

The Finnish company said the

acquisition would give it a firm presence in the growing Italian packaging industry.

Tampella's packaging division, which has annual net sales of \$150 million, and CCC would be able to cooperate in several fields, including product design and development and packaging systems automation.

Separately, Tampella said pretax profit in the first four months rose 87 percent, to 153 million markka (\$35.2 million). Net sales rose 28 percent to 1.75 billion markka.

Hume Industries Drops Bid To Acquire Multi-Purpose

Agence France-Presse

KUALA LUMPUR, Malaysia—Hume Industries Berhad said Monday it was withdrawing a politically sensitive \$1.1 billion ringgit (\$419 million) bid to take over Multi-Purpose Holdings Berhad, Aseanbankers Malaysia Berhad, acting for the Singapore-controlled building materials company, said in a statement that the Hume board felt that the takeover would no longer serve its purpose.

The Bernama news agency quoted Aseanbankers as saying that the decision was reached because of recent developments affecting the general offer for all 751 million Multi-Purpose Holdings shares.

Hume raised a storm of protest from leaders of the Malaysian Chinese Association, a senior member of Prime Minister Mahathir Mohamad's ruling National Front, when it announced its general offer in mid-April.

The association's leaders said they feared Malaysia's ethnic Chi-

nese would lose control of the conglomerate that the organization set up in the mid-1970s to preserve the ethnic Chinese stake in Malaysia's corporate sector.

With interests in manufacturing, banking, plantations and construction, Multi-Purpose Holdings was widely seen as the Malaysian Chinese Association's answer to government programs promoting ethnic Malay participation in Malaysia's corporate sector.

Analysts said Hume's decision to drop its takeover bid was almost certainly influenced by a rival bid by Kamunting Corp. for a cooperative society, Koperasi Serbaguna Malaysia Berhad, which holds a 28.9 percent stake in Multi-Purpose Holdings.

Koperasi Serbaguna Malaysia was placed in receivership by Bank Negara, Malaysia's central bank, in 1986 after a major run on several cooperative societies.

It was among 23 deposit-taking cooperatives whose assets were frozen at the time.

BANK: Nearly 300 Years Later, Coutts Rests on a Solid Base of the Three Rs: Royals, Rich and Rock

(Continued from first finance page)

respective revolutions, in 1789, 1917 and 1919.

The bank also served as the preferred foreign depository of King Louis Philippe of France.

Now, with deregulation of Western capital markets, sweeping cuts in personal tax rates and rising remuneration in finance and industry, private banking has become a fast-paced business luring big players into what was once the domain of small, discreet niche participants, like Coutts.

"The size of the market is constantly debated," said Sydney Falk, head of international private banking at Barclays Bank PLC. "It's a multibillion dollar market that may be heading to the trillions."

Rod Barrett, a banking analyst with the London brokerage Hoare Govett, said that what matters most is what services can be provided in the highly personalized and competitive field of private banking.

The outs for traditional banks is to retain a distinct flavor—and Coutts makes a point of doing so.

An account manager at the bank regularly delivers a supply of English mustard and pickles to a wealthy Briton who lives in Spain. The philosophy being: pickles first, then on to financial planning—if that's what the customer wants.

Another British client recently called long-distance for help: He wanted the bank to sail his yacht back to Britain from Rhode Island.

Three Coutts executives obliged by flying over and spending a fortnight navigating across the Atlantic. Word has it that the Coutts men did not wear their frock coats.

Personal service of that kind may give Coutts a competitive edge, Mr. Money-Coutts said, but what really matters is the financial advice bank executives are able to offer high net-worth customers on a range of topics: asset management, tax and trust planning, foreign currency hedging and real estate investment.

The bank is also there to meet money needs, offering both secured and unsecured loans.

For international private-banking customers, of which there are about 1,500 at Coutts, the minimum initial investment required is \$500,000. Nominal fees are typically 1 percent of the portfolio value.

Coutts also established a small subsidiary in Geneva, which charges variable fees, in keeping with Swiss private banks. For domestic customers, the minimum initial investment is £250,000 (\$391,400).

At Coutts, the emphasis in asset-management policy is on equity investments, in contrast to the culture of Swiss private banking, where fixed-interest investments—typically in gold and bonds—are the norm and make up about 60 percent of portfolio investments.

Coutts manages more than £1 billion worth of customer assets and hopes to increase the amount by 20 percent this year. In Switzerland, mid-sized participants—such as Pictet & Cie, Lombard

Odier & Cie, and Bank Julius Baer—manage about \$20 billion each.

Market players agree that the field of private banking is becoming increasingly competitive, particularly in Europe.

Major clearing and investment banks—including Lloyds Bank PLC, Barclays, Midland Bank PLC, Citibank, American Express Co., Bankers Trust Co., Merrill Lynch and Nomura Bank—have been setting up operations, primarily in Switzerland and London, catering to affluent clients.

There are several other British private banks, including C. Hoare & Co. and Duncan Lawrie. But they are smaller and less internationally recognized than Coutts, analysts say.

Mr. Money-Coutts is confident that his bank can hold its ground in the late 1980s.

"Suddenly everybody has decided that the high net-worth market is the one to go for," he said. "This heightens the whole perception that there is a better service to be had than in an ordinary bank. We're in a better position than most to respond to it."

Mr. Falk of Barclays said: "There are more profitable things that banks do—lending—than private banking."

The "satisfactory result," he added, of private banking is the cultivation of close and prolonged relationships with affluent customers, many of whom may also turn to the bank for commercial needs.

Coutts, established by a family of Scottish goldsmiths, knows it cannot afford to rest on its laurels. Nor can it rely on the

comfort of being part of a major multinational bank. National Westminster PLC, the largest clearing bank in Britain, acquired Coutts in 1969.

Coutts retains an independent board, and Mr. Money-Coutts insists that the parent group continues to carry on a "dialogue" with Coutts and that NatWest does not impose a "dictatorship."

"They've always been top-notch bankers," said Rod Barrett, banking analyst with Hoare Govett. "Coutts has had a hold on 'establishment-type' personal banking in Britain" for centuries, he added.

"Coutts has traditionally angled at those with huge amounts of wealth, but now there's been what you might call a yuppie development," Mr. Barrett said.

The bank has attracted young bankers and entrepreneurs in the City and rising stars in the entertainment industry.

Although the bank will not disclose the names of its clients, the roster is believed to include several young captains of British business, including Richard Branson, chairman of Virgin Group PLC, the leisure and travel conglomerate, and the Saatchi brothers, founders of the world's largest advertising agency, Saatchi & Saatchi PLC.

"The new, better-off customers are likely to be new money, rather than old money," Mr. Money-Coutts said.

Coutts says that it has profited from the influx of high-paid foreign bankers to London following the 1987 deregulation of financial markets.

Of the 520 new, high net-worth accounts

opened this year, about 100 accounts were established by foreign customers living in Britain, the bank said.

The growth in the balance sheet may reflect the attractiveness of high interest rates in Britain.

"Our balance sheet is growing very fast because the sort of market we're in is keeping very liquid," Mr. Money-Coutts added. "There's been a rapid growth in sterling assets."

The rise in customer deposits—reflecting in part the predilection of customers to keep their wealth liquid in uncertain markets—helped boost pretax profit at Coutts last year to £15 million, up from £13.8 million in 1987.

Profit at the bank in the mid-1980s was generally flat, averaging about £13 million, as a result of heavy provisioning for bad Third World debt and as a consequence of substantial capital investment in data systems.

As a market watcher in London recently wrote: "For a company to have made less than £10 million pretax in the early 1980s, nearly 300 years after its foundation, must be some sort of a record."

Mr. Money-Coutts said that he is "of course not satisfied," with profit performance.

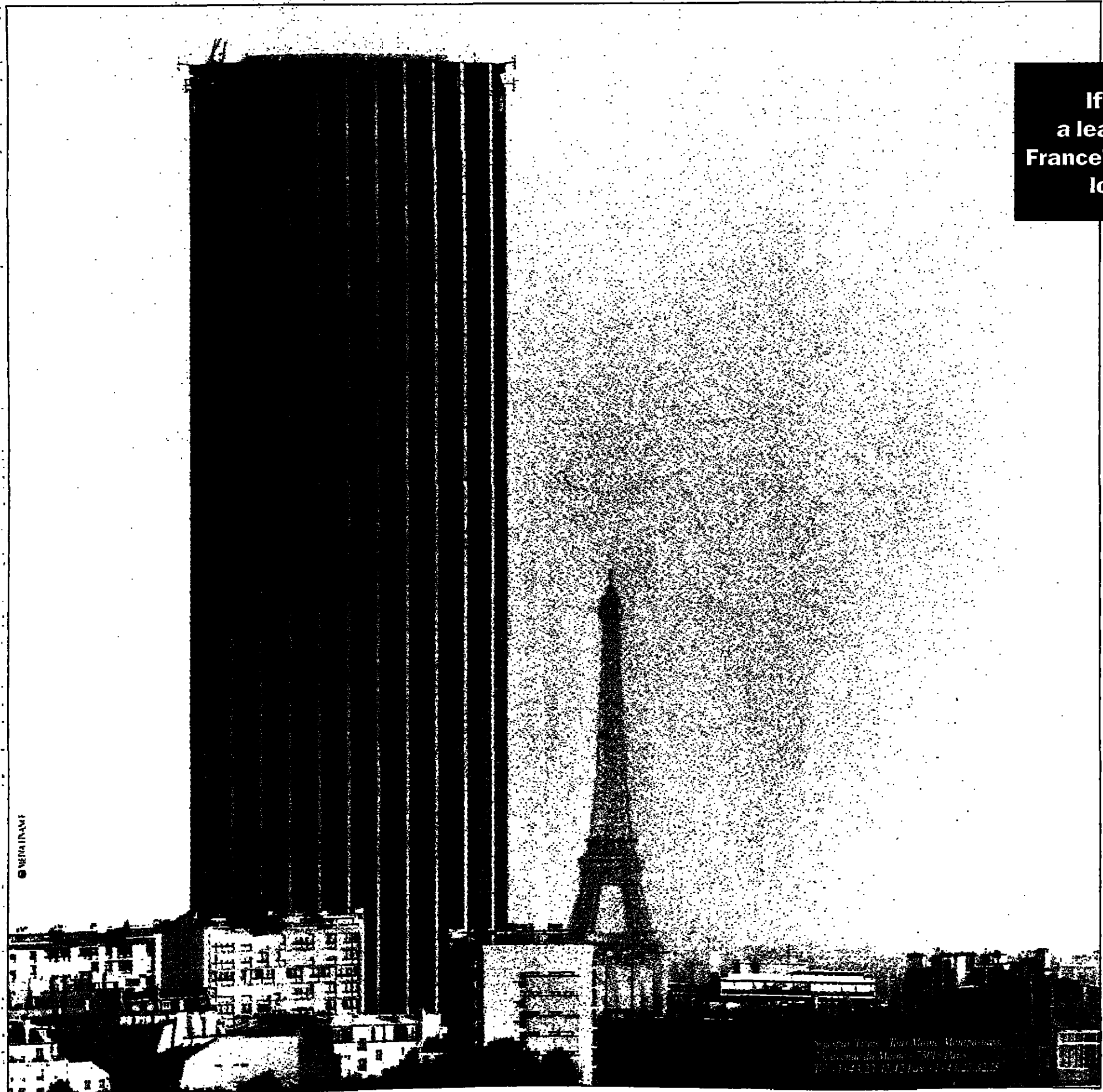
The bottom line is important, he said, "but at the same time, if you're going to take a long view, you have to protect the exclusivity, the culture, and if you expand too fast, you destroy the culture."

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Monday's NASDAQ Prices

Prices as of 4 p.m. New York time.
This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.
It is updated twice a week.

Via The Associated Press

Stock	Div	Yield	High	Low	Open
IBM	3.20	4.8	115 1/4	114 3/4	115 1/4
Microsoft	0.00	0.0	115 1/4	114 3/4	115 1/4
Oracle	0.00	0.0	115 1/4	114 3/4	115 1/4
Apple	0.00	0.0	115 1/4	114 3/4	115 1/4
Amazon	0.00	0.0	115 1/4	114 3/4	115 1/4
Google	0.00	0.0	115 1/4	114 3/4	115 1/4
Facebook	0.00	0.0	115 1/4	114 3/4	115 1/4
Twitter	0.00	0.0	115 1/4	114 3/4	115 1/4
LinkedIn	0.00	0.0	115 1/4	114 3/4	115 1/4
Slack	0.00	0.0	115 1/4	114 3/4	115 1/4

Monday's AMEX Closing

Tables include the afternoon prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

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Google	0.00	0.0	115 1/4	114 3/4	115 1/4
Facebook	0.00	0.0	115 1/4	114 3/4	115 1/4
Twitter	0.00	0.0	115 1/4	114 3/4	115 1/4
LinkedIn	0.00	0.0	115 1/4	114 3/4	115 1/4
Slack	0.00	0.0	115 1/4	114 3/4	115 1/4

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Apple	0.00	0.0	115 1/4	114 3/4	115 1/4
Amazon	0.00	0.0	115 1/4	114 3/4	115 1/4
Google	0.00	0.0	115 1/4	114 3/4	115 1/4
Facebook	0.00	0.0	115 1/4	114 3/4	115 1/4
Twitter	0.00	0.0	115 1/4	114 3/4	115 1/4
LinkedIn	0.00	0.0	115 1/4	114 3/4	115 1/4
Slack	0.00	0.0	115 1/4	114 3/4	115 1/4

FINANCIAL
Dollar

SPORTS

Mets Tie Major League Mark, Gain First

All 27 Outs Against Phillies Are Unassisted; Indians Last to Do So, in '45

Compiled by Our Staff From Dispatches

The New York Mets tied a major-league record and set a National League mark by playing nine innings Sunday without a single assist as they beat the Philadelphia Phillies, 5-1, and moved into first place in the National League East.

Sid Fernandez, who had not won a game in more than a month, pitched seven innings in New York and matched his season high with nine strikeouts. Rick Aguilera, who relieved Fernandez, struck out four in the last two innings.

The Phillies made six outs by popping up in the infield or to the catcher, six by fly balls to the outfield, two on unassisted groundouts and 13 on strikeouts.

The last team to achieve 27 outs without an assist was the Cleveland Indians, long before the Mets came into existence. The Indians did so on July 4, 1945, against the New York Yankees.

The Mets nearly didn't get their 27. On the last play of the game, Philadelphia's Len Dykstra, formerly of the Mets, grounded to cover the bag but the first baseman, Dave Magadan, who had fielded the ball, waved off the pitcher and tagged the base for the unassisted out.

With the score 1-1 in the third, the Mets gave Fernandez all the offensive support he needed by tagging the Phillies' starter, Terry Mulholland, for four runs, with Greg Jefferies hitting a double for his second RBI of the game.

Dodgers 7, Reds 0: Los Angeles got 13 hits — Eddie Murray and Mickey Hatcher had three each — and Orel Hersher pitched his fourth shutout of the season as Cincinnati, playing at home, lost for the 10th time in its last 14 games.

Astros 12, Braves 6: Gerald Young's two-run single in the seventh inning capped a three-run rally and Houston got 18 hits to sweep its three-game series with the Braves in Atlanta.

Expos 5, Cubs 0: Hubie Brooks' run-scoring triple broke a scoreless tie in Chicago and keyed a two-run seventh inning as Dennis Martinez won his sixth straight and Montreal swept its three-game series with the Cubs. Martinez allowed three hits, walked one and struck out one.

Padres 10, Giants 7: Tony Gwynn hit a three-run home run in San Diego and singled three times for his first four-RBI game this season as the Padres ended San Francisco's seven-game winning streak.

The Giants' Kevin Mitchell had three hits, one his 25th home run to extend his major-league lead. He also drove in three runs to boost his major-league-leading total to 70.

Rangers 4, Indians 2: Nolan Ryan, 42, was four outs away from pitching his sixth no-hitter in the

BASEBALL ROUNDUP

major leagues when Cleveland's Brook Jacoby doubled to right field, just beyond Ruben Sierra's outstretched glove in an American League game in Arlington, Texas.

Ryan was relieved by Jeff Russell after allowing Dave Clark's two-run home run with one out in the ninth inning.

Ryan, the all-time strikeout leader, fanned Joe Carter in the fourth for No. 4,900 of his career.

This was the third time this season he has come close to pitching a no-hitter.

"I don't get too caught up in it

until the ninth," Ryan said. "I go out there to shut them out."

Ryan, 9-3, finished with one walk and seven strikeouts. He leads the major leagues this year with 128 strikeouts.

"The fact that he's 42 and still throws that hard is amazing," the Indians' manager, Doc Edwards, said. "I tip my hat to him. He's an amazing human being."

Athletics 6, Blue Jays 3: Rickey Henderson had three hits and drove in two runs in Oakland, California, and Stan Javier hit the first home run by an Oakland right fielder this season.

Henderson, who rejoined the A's last week after a trade with the New York Yankees, was on base five times with three singles and two walks. He also scored two runs and stole three bases.

Angels 7, Orioles 6: Wally Joyner drove in three runs and hit his first home run since April 27 as California held on to beat Baltimore, taking three of four games in Anaheim, California.

The Orioles got two bases-loaded walks in the ninth, but Bryan Harvey struck out Jim Traber to end the game.

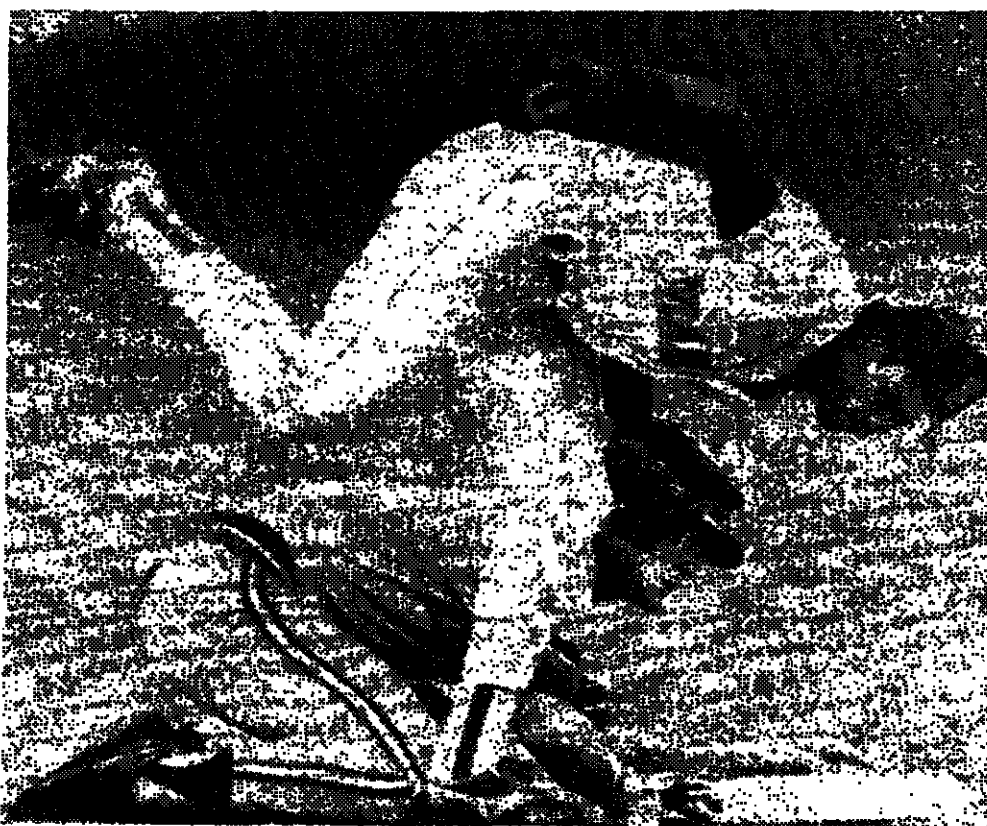
Yankees 5, Royals 4: New York's Steve Balboni hit a two-run home run and Don Slaught capped a three-run sixth inning with a run-scoring single in Kansas City.

The Yankees won two of three games, only the second home series the Royals have lost all season.

Mariners 5, Tigers 3: An obstruction call on Detroit's first baseman, Dave Bergman, led to three unearned runs by the Mariners in the second inning in Seattle. (NYT, AP, UPI)

Steal Record Set

Vince Coleman of the St. Louis Cardinals, who on Saturday had broken the major league record for consecutive successful stolen bases, went 0-for-4 in the game Sunday against the Pittsburgh Pirates and did not get a chance to extend his mark past 39.



Harold Reynolds took a close look at his force out of the Tigers' Scott Lussader in the fourth inning. The Mariners won, 5-3, after an obstruction call led to three unearned runs in the second inning.

SIDELINES

Top Female Hurdler Is Linked to Steroids

TORONTO (AP) — Julie Rocheleau-Baumann, Canada's top female hurdler, bought banned steroids and a growth hormone from a Quebec bodybuilder and admitted drug supplier, the federal drug inquiry into amateur athletics was told Monday.

Benoit Levesque, 29, testified under oath that Rocheleau-Baumann came to him last June seeking the drugs, which are used to help athletes build muscles.

Rocheleau-Baumann, 25, now living in Switzerland, has refused to appear before the Canadian inquiry sparked by the Ben Johnson scandal and denies using drugs. She finished sixth in the 100 meters at the Seoul Olympics but recently failed a random drug test instituted by the Canadian Track and Field Association.

Jones Rallies to Win Canadian Open Title

OAKVILLE, Ontario (NYT) — Steve Jones, who had won the first two PGA Tour events of the year and then went into a slight decline, rallied Sunday on the last four holes to win the Canadian Open with a 17-under-par 271.

Jones became the first three-time winner this year when he birdied the 16th to catch Clark Burroughs, and went ahead when he birdied the 17th. Burroughs, who led after three rounds, bogeyed 17 from a bunker to finish two shots back.

French Paddle Best In World Competition

BLOOMINGTON, Maryland (WP) — France won gold medals Sunday in the women's kayak and two-man canoe competitions at the World Canoe-Kayak Championships to finish with seven medals in the three days of slalom events. The Americans got six for second place.

France also was the top nation in last weekend's wildwater event, with seven medals against next-best Yugoslavia's three, making the French runaway winners of this year's overall crown.

For the Record

French heptathlete Chantal Beaumont, 28, has been banned from all competition for two years after a drug test last month found the proscribed substance nandrolone in her system, the French Athletics Federation said Monday. (APF)

SCOREBOARD

BASEBALL

Major League Standings

Team	W	L	Pct.	GB
Baltimore	41	31	.569	0
New York	36	37	.493	5 1/2
Toronto	36	38	.487	6
Boston	34	37	.479	6 1/2
Minnesota	35	40	.467	7 1/2
Cleveland	34	38	.474	7 1/2
Detroit	27	45	.375	14

Team	W	L	Pct.	GB
Oakland	45	29	.613	0
California	42	30	.583	2 1/2
Kansas City	42	31	.575	3
Texas	41	32	.562	4
Minnesota	37	37	.500	8 1/2
Seattle	34	41	.451	12
Chicago	29	47	.382	17 1/2

Team	W	L	Pct.	GB
New York	39	32	.549	0
Los Angeles	40	32	.558	0
San Francisco	40	34	.541	1 1/2
St. Louis	36	35	.507	3
Pittsburgh	29	41	.414	9 1/2
Philadelphia	24	46	.344	14 1/2

Sunday's Line Scores

Team	W	L	Pct.	GB
San Francisco	45	29	.608	0
Houston	42	31	.575	3
Cincinnati	39	34	.533	6
Los Angeles	37	36	.500	9
San Diego	26	44	.369	15 1/2
Atlanta	24	44	.349	15 1/2

NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	45	29	.608	0
Houston	42	31	.575	3
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CHESS

By Robert Byrne

IT IS remarkable when you think of it — nobody makes excuses for winning a game. When you lose, it's the flu or even the opponent's dandruff that is to blame, as the late director of the Manhattan Chess Club, Hans Knoch, related years ago about a player whose anonymity he kindly preserved. But when you win, no explanation is required.

For example, in the Fourth World Cup Tournament, which ended April 20 in Barcelona, Spain, the favorite, the world champion Gary Kasparov of the Soviet Union, developed a virus infection and fever, which bore the blame for his early indifferent showing. Twenty-four hours after being granted a postponement, Kasparov played and decisively won his 10th-round game with the British grandmaster Jonathan Speelman. Whatever because of that?

Because Speelman conducts the First Defense with such skill, Kasparov let the opening transpire into a King's Fianchetto Defense by playing 3...d4. Had Speelman played 7...Nf6, a King's Indian Defense could have arisen, but there is a special point to 7...Nf7: should White proceed with the routine 8 Be2 O-O 9 O-O 10 f3, then 10...Bd4? 11 Bd4 Nf5 12 Be3 Ne3 13 f4 yields Black an easy game.

It's like Kasparov, even when ill, to adopt a superaggressive attacking move such as 8 Bg4? But it is not clear why Speelman did not follow a Vaganian-Mestel game in Hastings 1974/5, which saw Black get a reasonable game with 8...f5 9

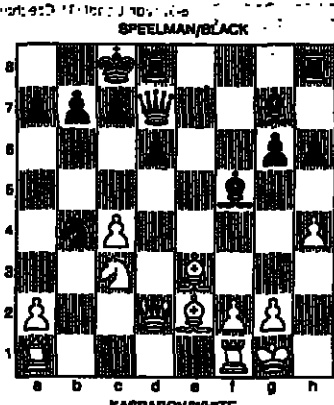
15 f6 10 Nf4 Nf5 1 Bg5 Qd7 12 Nf6 Bf6 13 Bf5 O-O. The consequence of his 8...h6? was to weaken his kingside, and, of course, after 9 Be2 f5 10 f3 Nf5 Bf2 Qd2, Black could not castle there.

Kasparov's 13 O-O? was truly remarkable in that no one does this kind of thing when the castled position has already been weakened by 8 Bg4? But after 13...O-O, the champion produced the challenge, 14 b4! betting that his attack would be quicker than anything Speelman could create. The Englishman should have played the careful 14...Kb8 15 b5 Ne5, but Speelman is a proud, aggressive player who wins many games in defense and he took up the gauntlet with 14...Nb4, thus bringing down upon himself a ferocious onslaught with 15 Nb5!

Speelman could not play 15...Ba1 because 16 Na7 Kb8 17 Qb4 Bf6 18 Bf3 c5 19 Qa3 Qe8 20 Nb5 Bc4 21 Qa7 Kc8 22 Bg4 Bf5 23 Qa8 Kd7 24 Qb7 Kc6 25 Ne7 wins the queen. Moreover, 15...Nc6 16 Bf3 Ba1 17 Bc5 bc 18 Na7 Kb7 19 Qb4 Ka8 20 Nb8 c5 21 Qa5 Kb7 22 Qa7 Kc6 23 Qa8 mate was also a terrifying possibility.

Accordingly, he charged in with 15...Nc2, but on 16 Bf3, he could not play 16...Na1 because 17 Na7 Kb8 18 Qa5 c6 19 Nb5! b6 (19...c7 20 Qa7 Kc8 21 Qa8 Kc7 22 Qb7 mate) 20 Bb6 Rb8 21 Ba7 Kb7 22 Bc5! Ra8 23 Qb6 Kc8 24 Nd6 ends it all.

Speelman resolved on 16...d5 17 Bd5 Na1 (17...c6 Na7 Kb8 19 b4 Ka8 20 Qa5 bc 21 Qa6! is annihilating) 18 Na7 Kb8 19 Qb4 Qd5 20 cd, but he did not get enough



Position after 14...Nb4

material for his queen. Besides, quite soon, after 23 Nb5, he could not stop Kasparov's attack anyway. After 23 Qa5, there was no use letting Kasparov pick up a rook by 25...Kb8 26 Qa7 Kc8 27 Qa8 Kd7 28 Qb7 Kc6 29 Qc6. Speelman gave up.

KING'S FIANCHETTO DEFENSE			
White	Black	White	Black
Kasparov	Spielman	Kasparov	Spielman
1 d4	d5	14 b4	Nb4
2 e4	e5	15 Nb5	Nc2
3 Nf3	Nf6	16 Bf3	Nc6
4 Bg5	Nf5	17 Qa7	Kc8
5 Bc4	Bc5	18 Na7	Kb8
6 Nc3	Nc6	19 Qb4	Qd5
7 Bf3	Nf7	20 Bb6	Rb8
8 Bg4	Nf6	21 Ba7	Kb7
9 B			
10 e4	Nf6	22 Re	Rhd
11 Nf5	Nf5	23 Nb5	Nb5
12 Qd2	Qd7	24 Qc7	Ka8
13 O-O	O-O-O	25 Ka5	Resigns

SPORTS

The Oversized Generation: Big Rackets Help Youth Rule in Tennis

By Peter Alfano
New York Times Service

Every tennis generation has produced child stars, resolute girls in pigtail, steady-eyed boys who have not yet begun shaving.

In the open era, for instance, Chris Evert was 19 when she won Wimbledon and the U.S. Open; Tracy Austin was the youngest female winner of the Open at 17; Bjorn Borg and Mats Wilander were still teen-agers when they won the French Open for the first time, and John McEnroe was 18 when he reached the semifinals at Wimbledon in 1977.

They were exceptional young players, competing at the highest level even though their games were only in the formative stages.

As a rule, however, most players could not expect to win a major tournament until they were at least old enough to vote or no longer had to be reminded to eat all their vegetables.

That has changed dramatically during the 1980s. Tennis now has almost as many teen-age idols as the rock music world. The sport has spawned a never-ending succession of prodigies.

With first-round play at Wimbledon having begun Monday, consider these verities of life on the tour: Of the top 25 players among the women, 12 are 20 years old or younger.

Incidentally, Steffi Graf, who turned 20 earlier this month, was the oldest among the quarterfinalists at the French Open.

Among her peers are Gabriela Sabatini of Argentina, 19; Natalia Zvereva of the Soviet Union, 18; Arantxa Sanchez of Spain, who won the French Open earlier this month, 17; Conchita Martinez, 17, also of Spain; Mary Joe Fernandez, a 17-year-old American; and the 15-year-old Monica Seles of Yugoslavia, who climbed to No. 14 in the world this spring.

There are three primary reasons why youth is being served in tennis today. They include:

• Technology. Beginning with the introduction of the Prince oversized racket in 1976, followed by the advent of composition frames using space-age materials such as graphite and aluminum, young players are now able to compensate for a lack of size and strength with the power generated by these rackets. It is like children playing with matches, only the opponents get burned.

• Opportunity. Although most pros usually begin playing at an early age, the amount and level of competition has increased dramatically in the last 20 years. Junior tournaments, youth leagues, tennis academies, national federations around the world and the colleges comprise the sport's minor-league system, grooming players for the pro tour. They become match-tough and accustomed to pressure at an early age.

• Preparation. Young players have also benefited from advances in training and conditioning prac-

tices. Weight lifting, aerobics and nutrition are becoming as important as learning to come to the net.

There are other factors involved, too.

Youngsters today are generally bigger and stronger than a generation or two ago.

Also, because tennis has become so lucrative, it attracts better athletes. Boris Becker might have played soccer in another time. Graf still dreams of running track in the Olympics.

What's more, the predominance of hard-court tournaments has lessened the need for specialization. It is a surface that favors neither a baseliner nor serve-and-volleyer, which means players do not have to adapt their games as much as they did when clay and grass were the traditional fields of play.

That is why the established play-

ers still tend to perform better at Wimbledon, the only major grass-court tournament remaining.

In general, teen-agers don't fare as well among the men because they tend to mature physically at a later age than women.

Michael Chang, 17, winner of the French Open earlier this month, and his American counterpart, Andre Agassi, 19, are the most accomplished of the current generation. Alberto Mancini, the scourge of the clay courts this spring, is 20.

But the average age of players in the top 20 is dropping.

At 24, Wilander is facing the prospect that his best years are behind him. Thirty-year-olds in most professional sports are in their prime, but McEnroe, at 30, is fighting old age.

Remember, Becker was 17 when he won Wimbledon in 1985, the

youngest male champion at the All England Club. He did not look like a weakling either.

Wilander and Stefan Edberg were in the top five as teen-agers. To a lesser extent, Aaron Krickstein and Jimmy Arias had some early success as well before being sidelined by injuries.

When all is said and done, the oversized racket probably has more to do with the success of young players than any other single factor.

Players like Chang, Graf, Sabatini, Sanchez, Fernandez and Agassi represent the first generation that was raised using bigger rackets.

Prince, which patented the oversized model, which is 110 square inches (710 square centimeters), boasts Chang, Agassi, Sabatini and Seles of Yugoslavia among its clients.

"What happened was that the

companies realized they could not market the bigger rackets to the players who used the small ones," said Tracy Leonard, a racket expert. "They had to wait for the new generation."

"These kids grew up with these rackets which have a bigger sweet spot. You can also hit more top spin."

After losing to Kevin Curran in 1985, McEnroe — a three-time champion — lamented about how he was overpowered. His career has been built around his unique touch at the net, which he developed with a standard wooden racket. But now, even McEnroe uses a midsize composition model, sacrificing some of that feel.

He is not alone. Many of the top players during the last dozen years have had to make a transition from the standard racket with a hitting

area of 70 square inches to the midsize, which ranges from 85 to 95 square inches.

Lendl is the most prominent player still using a standard size racket.

Materials like graphite, aluminum and other alloys are not as flexible as wood, thus there is less resistance when the ball hits the racket. This propels the ball back at greater speeds.

The midsize rackets became popular with the established players when they aged and their reflexes and racket speed slowed.

The newest rage is the Wilson Profile, an aerodynamically shaped racket that provides still more power.

Can technology be carried too far? That's one of the questions the sport will have to answer in the future.

"You can't restrict modern technology," said Nick Bollettieri, whose tennis academy in Florida has produced Agassi, Krickstein, Arias and Seles, among others. "The midsize and oversized rackets give players a better chance to hit the ball. I remember the Prince oversized racket was my first endorsement. I was embarrassed because it was considered an old, silly racket."

As well as technology, Bollettieri pointed to the quality of competition and instruction available to players at the junior level.

"Our facilities will have 81 courts by November," said Bollettieri, whose academy is criticized on occasion for producing one-dimensional youngsters, their lives too heavily dependent on tennis.

In recent years, Bollettieri and Arthur Ashe, the former Wimbledon champion, have begun youth

programs in disadvantaged neighborhoods in urban areas, hoping to uncover the next great American player, giving others a chance to learn a game too expensive to pursue on their own.

"There are now traveling teams, federations, corporations putting up funds," Bollettieri said. "Youngsters are learning sound techniques."

As a result, the primary age of a tennis pro is being lowered.

Women can thrive from 18 years old to about 22, Bollettieri said. Men hit their prime between 22 and 26, after which they begin to fade.

That trend, observers say, will probably continue. By the age of 30, most professional players will already have begun a second career.

"The traveling, playing week after week, it takes a toll," Fernandez said. "I don't think I'll be playing when I'm 30."

Lendl Just Avoids Upset in First Round

The Associated Press

WIMBLEDON, England — Top-seeded Ivan Lendl barely avoided another case of Wimbledon's Monday while Stefan Edberg served notice in the opening round that he is ready to defend his title.

Lendl, who has won every Grand Slam title except Wimbledon, struggled to beat hard-serving teen-

ager Nicolas Pereira of Venezuela, 7-6 (7-4), 4-6, 6-3, 6-7, 6-1.

"I always have a hard time getting my rhythm, but today was especially difficult," Lendl said. "I didn't really break a sweat until the fifth set because there were no rallies."

Edberg used his smooth serve-and-volley game to down Chris Priham of Canada, 6-3, 6-4, 6-1, in the opening match on Center Court before a sun-splashed crowd that included Britain's Duchess of York.

"I was a little nervous walking out on the court, I got off to a good start and that helped," Edberg said.

"It's a nice feeling being defending champion. You can hear the crowd and you have nice memories. But once you get on court, that disappears very quickly."

Also disappearing quickly were sixth-seeded Jakob Hlasek of Switzerland and No. 14 Andrei Chesnokov of the Soviet Union. Hlasek was upset by Thomas Hogstedt of Sweden and Chesnokov lost to Brad Drewett of Australia.

Two-time champions, Boris Becker and Jimmy Connors, easily won their matches. Becker beat Bryan Shelton of the United States and Connors began his 18th consecutive Wimbledon with a somewhat lengthy defeat of Andrei Cherkasov of the Soviet Union (see results).

Also advancing were ninth-seeded Michael Chang, the French Open winner, No. 4 Mats Wilander, No. 7 Miroslav Mecir of Czechoslovakia, No. 13 Aaron Krickstein of the United States, No. 15 Mikael Pern-

fors of Sweden and No. 16 Amos Mansdorf of Israel.

In women's competition, 11th-seeded Monica Seles of Yugoslavia won her grass-court debut to advance to No. 6 Helena Sukova of Czechoslovakia, the highest-seeded woman in action on the tournament's first day.

No. 9 Natalia Zvereva of the Soviet Union and No. 15 Lori McNeil of the United States.

Pereira, last year's junior Wimbledon champion, once again proved that the world's top-ranked player is vulnerable on a slick surface that favors power over patience.

While Lendl had 20 aces to Pereira's 16, the 18-year-old South American overpowered the world's top-ranked player on many points and didn't drop a service game until midway through the third set.

Pereira appeared on the verge of a major upset, after winning the fourth-set tie breaker, 7-5, on a passing shot and a service winner.

But Lendl, blocking out past frustrations and failures here, raced to a 5-0 lead in the final set as Pereira's serve deserted him. Pereira held for 5-1, but Lendl closed him out in the next game with two service winners.

"I expected a tough match because he's so powerful," Lendl said. "But I thought I played well. Except for one game in the fourth set, I hit the ball well and didn't give him many chances."

Connors, 36, is the oldest man in the men's draw. But he displayed youthful exuberance in his win over Cherkasov, hitting winners from all angles, talking with officials and fans and doing a brief impersonation of long-time rival McEnroe.

Leading by 5-3 in the fourth set, Connors disrupted a line call on a Cherkasov shot by saying the Soviet was out of position.

A 40-0 lead. Moments later, however, Connors moved to match point on another close shot by Cherkasov that this time was called out.

Connors reacted with mock horror, then did an impression of McEnroe's rocking service motion and nervous head scratching before winning the match on a netted backhand by Cherkasov.

Becker, who lost to Edberg in last year's final, eliminated Shelton in less than two hours.

"It's better to win quickly than to stay out there five sets and really struggle in the early rounds," the West German said.

Seles, the 15-year-old who reached the semifinals of the French Open, overcame 16 aces by Schultz to win her first grass-court match.

"I liked it but if I had lost, I may have felt differently," Seles said in her squeaky, schoolgirl voice.

"Whatever happens here, I'm going to have to practice more on the grass to me." It's a strange surface for her.

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"Whatever happens here, I'm going to have to practice more on the grass to me." It's a strange surface for her.

First-Round Results

Men's Singles: Ivan Lendl (YUG) def. Nicolas Pereira (VEN), 7-6 (7-4), 4-6, 6-3, 6-7, 6-1.

Stefan Edberg (SWE) def. Chris Priham (CAN), 6-3, 6-4, 6-1.

Boris Becker (GER) def. Bryan Shelton (USA), 6-1, 6-4, 7-6 (7-4).

Jimmy Connors (USA) def. Andrei Cherkasov (URS), 6-2, 6-4, 6-3.

Monica Seles (YUG) def. Helena Sukova (CZE), 6-2, 6-3.

Natalia Zvereva (URS) def. Lori McNeil (USA), 6-2, 6-4.

Andre Krickstein (USA) def. Mikael Pernfors (SWE), 6-4, 6-3.

Thomas Hogstedt (SWE) def. Jakob Hlasek (SWE), 6-3, 6-4.

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Rose: 'When All Is Said and Done, People Will Understand'

By Lonnie Wheeler
New York Times Service

CINCINNATI — It was noon — high noon, for Pete Rose and A. Bartlett Giamatti — and at the Hamilton County courthouse, Common Pleas Judge Norbert A. Nadel was about to make the announcement.

Four blocks away, in the clubhouse of the Cincinnati Reds, players sat quietly in front of the television. Rose, the manager of the baseball team, was in his office, the door closed, alone with his TV.

When the word came, it had to be just what Rose wanted to hear. Nobody saw his face as he listened to the judge's decision barring Giamatti, the commissioner of major league baseball, from holding for at least two weeks a hearing into Rose's alleged betting activities.

A few coaches and other team employees walked into Rose's office to offer congratulations, but the door stayed shut. Minutes later, Rose walked out, through a knot of reporters in the clubhouse and said: "No comment, men."

When he returned to his office, he closed the door again. When he finally opened it, he was on the telephone, unavailable to those who stood outside his office looking in. There was a pallor of Rose's, half-filled, on his desk.

While Rose talked softly into the telephone, Jim Ferguson, the Reds' publicity director, entered the office and closed the door. When Ferguson came out, closing the door behind him, he called reporters together and informed them that Rose would meet the press only once at the stadium, and that would be to answer game-related questions at the end of the day.

But Rose made one exception. On his daily, pregame radio show with the Reds' announcer, Marty Brennaman, Rose talked not about the coming game with the Dodgers but about his challenge to Giamatti. Rose had entered territory that no player had ever ventured into before — he had, at least temporarily, repudiated the disciplinary summons of the commissioner, who had called him in to discuss gambling charges — but he was not chirping

about it. Instead, he was bracing himself for the battle.

"How long is this fight?" Rose asked rhetorically.

"I think a lot of stuff will come out in the next couple of weeks," he said. "We're prepared for that. I'll be happy to go on the witness stand. All we want was an opportunity for that. When all is said and done, people will understand what happened."

According to a ruling by the Ohio Supreme Court, Nadel had to release the report of John Dowd, the commissioner's special investigator, by Monday evening or provide a reason for withholding the report.

"The report is going to be released," Rose said. "But there's so much in there that it's untrue, so much hearsay. We will attack the hearsay in court. I read the report, and I didn't know I could be that bad a guy."

For the time being, Rose is still a baseball man.

"The judge said I'm going to be managing the Cincinnati Reds for the next 14

days, and I'm happy about that," he said. "We had heard so many rumors that he would suspend me, that I would be fired, and everything else. My concern is getting the Cincinnati Reds back in the pennant race. I think I've proved in the past that things don't bother me when I'm trying to run a baseball team."

By his own account, Rose hadn't been sure that he had two weeks of baseball left. An adverse decision by Nadel would have left his immediate future in Giamatti's hands and, as Rose said, "I doubted the outcome. I don't know what the odds were, but I guess I had about a 50-50 chance."

While Rose was taping his pregame show, on the field his teammates from the 1960s were preparing to play a game against the Equitable Old-Timers. When he walked into the dugout, Rose paused long enough to have his picture taken with the men who joined him in the Reds' infield during his rookie year of 1963: Gordy Coleman, Leo Cardenas, and Gene Freese.

A teammate of the 1970s, Johnny

Bench, was also on hand for the exhibition game, and at first Bench declined to comment. Pressed, the newly elected Hall of Famer expressed sympathy for Giamatti. "With all the evidence before him," Bench said, "it was hard for the commissioner not to be prejudiced."

As the old-timers game broke up, the Dodgers proceeded to pummel Rose's Reds, a sign popped up on the third-base side of Riverfront Stadium. It read: "Pete I, Bart 0. Thanks, Norb."

Minutes later, stadium security arrived and the sign was removed.

After the game, Rose was asked why he would speak about the Giamatti case with Brennaman and not other reporters. "I get paid for Marty's show," he replied. "When it was suggested that reporters take up a pool, Rose quipped: 'From what I know of you guys, there's not enough to collect.'"

But he did seize the opportunity to take a swipe at his detractors.

"You guys who have been writing the articles the past few days," he said, "just want to read your articles in two weeks."

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VANTAGE POINT/Ira Berkow

Giamatti's John Hancock

New York Times Service

NEW YORK — This may come as a shock to many, but Peter Edward Rose, the beleaguered big-leaguer, might be innocent.

He might be innocent of all charges. He might be innocent of betting on baseball, or of betting on the Cincinnati Reds, the team he manages.

He is innocent, that is, unless proven guilty. I didn't say this, the U.S. system of justice says this.

And regardless of what evidence the special counsel to the commissioner of baseball has uncovered, and it is, in the eyes of most, so weighty it could buckle the knees of an elephant, still, Peter Edward Rose is innocent until his testimony is heard, until he is judged by a fair and impartial decision-maker.

In the Hamilton County Common Pleas Court in Cincinnati at noon Sunday Judge Norbert Nadel seemed to agree with that, then he turned around and prejudged someone he says is a prejudger.

In what some lawyers consider a "home-court" decision, Nadel, who is up for reelection in 16 months, granted Rose, a local figure so popular he has a street named after him, a temporary, or 14-day, restraining order.

It prevented Rose from having to appear at a hearing that had been scheduled for Monday by the commissioner of baseball, A. Bartlett Giamatti.

Giamatti's office, as everyone from baseball bubble-gum card collectors to UN delegates knows by now, has been investigating gambling allegations concerning Rose.

The judge depicted Giamatti as being less than the apex of unprejudice, and more like the nadir of neutrality. Nadel said that since Giamatti signed a letter calling one of Rose's chief accusers, a convicted drug trafficker and sex evader named Ronald Peters, "candid, forthright and truthful" to Giamatti's special investigator, then Giamatti disqualified himself as an impartial adjudicator.

For Rose to then get a fair hearing from Giamatti, said Nadel, was "tuttle and illusory and the outcome a foregone conclusion."

Now, if the temporary restraining order is not lifted, then Nadel, assuming he hears evidence from important witnesses, primarily and especially Bart Giamatti himself, will rule on whether to issue what might be a permanent injunction. That would preclude Giamatti from deciding on the case, and conceivably send it into a court of law.

This is where the situation becomes murky. The judge implied that he wanted to see more evidence, and, surely, to hear Giamatti to better understand the circumstances. Yet he has determined that Giamatti has already made his decision, one damning Rose.

Yet, for Nadel's purposes, Giamatti, like

Rose, should be innocent until proven biased. Or misjudged, or in error, or to have been given wrongheaded advice. That's what more hearings are supposed to determine.

It is Giamatti's contention that the letter he wrote on behalf of Peters to a sentencing judge was a commonplace, done regularly in such proceedings, that since Peters co-operated with the special counsel for the commissioner, John Dowd, and since the commissioner's office has no subpoena powers, then the presumed quid pro quo was for the commissioner to inform Peters' sentencing judge that this bookmaker, drug trafficker and tax dodger is not such a wholly bad egg, after all.

Did Giamatti draft this letter? No. Apparently it was written by Dowd, who advised Giamatti to sign it.

Whatever, the bottom line bears the John Hancock of A. Bartlett Giamatti.

It was signed April 18, two days before Dowd even took a deposition from Rose.

The letter was, according to Nadel, the strongest piece of evidence he had to go on.

The judge said that the court's issuing a temporary restraining order might be "sticking its nose into major-league baseball," a private industry, and that courts are reluctant to do such things for fear of opening the "flood-

gates" to considerable litigation by employees generally, yet he ruled that Giamatti's letter was improper.

But shouldn't the judge have first allowed Giamatti to render a decision? After all, Rose still would have

